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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1988

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

H.R. 3576/S. 1923

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1988, AND FOR OTHER PURPOSES

PART 4 (Pages 1–439)

DEPARTMENT OF DEFENSE
Secretary of Defense
NONDEPARTMENTAL WITNESSES
OVERVIEW OF ARMY BUDGET REQUEST

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CONTENTS

Thursday, April 30, 1987

Page
Nondepartmental witnesses 1
- Reserve Officers Association of the United States 2
- Naval Reserve Association 35
- The American Legion 66
- Georgetown University 77
- National Federation of Federal Employees 79
- National Guard Association of the United States 92
- National Military Family Association 113
- Association of Civilian Technicians 122
- Non-Commissioned Officers Association 132
- Institute of Electrical and Electronics Engineers, Inc 140

Tuesday, May 12, 1987

Department of Defense:

- Department of the Army 159
- Chief of Staff, U.S. Army 184

Tuesday, May 19, 1987

Department of Defense:

- Secretary of Defense 327

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1988

THURSDAY, APRIL 30, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:35 a.m., in room SD–192, Dirksen Senate Office Building, Hon. John Stennis (chairman) presiding.

Present: Senators Stennis and Stevens.

NONDEPARTMENTAL WITNESSES

OPENING STATEMENT OF CHAIRMAN STENNIS

Chairman STENNIS. All right, ladies and gentlemen, our committee will be in session and in order.

It is a privilege to have you witnesses here and get the benefit of what you know and have on your mind and what you want to suggest to the committee.

We are going to have to move along, so if you want to file any supplemental statement to your testimony, you may do so, of course, and then you give such oral testimony as you see fit.

Please try to limit yourself to 10 minutes. If you need some more time, we will allow that, but we have got to move right along. You doubtless have other matters, too.

We will proceed now. I will call the witnesses now in the order that we have them here on the list. And if you need any more testimony beyond your 10 to 12 minutes, why, ask for it.

So with that general outline, I will call now Colonel C. Judson Lively, Jr., Director of Retirement Affairs, Reserve Officers Association.

You come to the center there and adjust your microphone, please. We are delighted to have you here, and you just proceed in your own way and give us the benefit of your counsel.

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

STATEMENT OF COLONEL C. JUDSON LIVELY, JR., DIRECTOR OF RETIREMENT AFFAIRS, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

GUARD AND RESERVE READINESS

Colonel LIVELY. Thank you very much, Mr. Chairman. I would like to have my written testimony included in the record.

Chairman STENNIS. All right, without objection, the written testimony of the witness will be included in the record.

Colonel LIVELY. And I appreciate the opportunity to be here on behalf of the many men and women who are members of the Reserve Officers Association, and the opportunity to speak on their behalf.

Chairman STENNIS. Well, we are glad to have you here. And you are representing a fine group. They know their way around.

All right, go ahead.

Colonel LIVELY. ROA appreciates very much this subcommittee, and particularly for the aggressive way that it has supported the readiness of the Guard and the Reserve in the past.

You have provided add-ons when they were required, and have been a great help in bringing up the readiness of the Reserve forces.

PHILOSOPHY OF EXISTING FORCES

What I would like to do this morning, Mr. Chairman, is just give ROA's philosophy of the forces that exist right now, and let the particulars on the various services be a part of the record.

In the past years ROA has recommended congressional action to provide better and more modern equipment to the Reserve component as being an economical way to maintain the readiness of the Armed Forces in our dangerous world that we have.

And that philosophy is just as valid today as it was in the past. And I think its wisdom has become apparent to us in these days of budget cuts.

It is well known that the Reserve forces are the most economical source of units when they're properly equipped and they're properly trained.

At a time when the defense budget is under heavy attack, reliance on the Reserves is especially appropriate. That means providing them with the resources to do the job, suitable equipment, manning.

EQUIPMENT MODERNIZATION

And we wish to thank the Congress for the significant gains that have been made in modernizing the equipment of the Reserve forces during this past 5 years. To a large extent this has been the result of congressional initiative, not due to the Pentagon budget requests.

However, we are quite concerned now, Mr. Chairman, that, in the face of the severe budget constraints, the Reserve forces will be expected to accept an across-the-board fair share cut, while at the same time assuming more missions. It is our contention that the Reserve forces should receive more funds when the active force is cut; not less.

MISSION TRANSFERS

Traditionally force structure is transferred to the less expensive Reserve component to preserve it for future contingencies. The savings is made by placing it in the Reserve.

However, mission transfers are not always accompanied by the essential manpower required to effectively manage that Reserve growth.

The equipment necessary to assume the maintenance of combat capability is not always provided, nor the funding to train the force to the required readiness level.

If having served as the vehicle for obtaining a cheaper force structure, subsequent budget and manpower cuts are applied equally to the Reserve and active forces; combat capability and readiness is just going to have to suffer.

And so we urge this committee to recognize the inherent savings in the Reserve force structure, and to ensure that essential manpower, equipment, and operating funds be appropriate to preserve the required combat readiness of our total force out there.

SERVICES REPRESENTED BY ROA

Now I would like to make just a few generalized comments on the different services that ROA represents.

The Army Reserve request for fiscal year 1988 will provide a paid drill strength of over 300,000. That's about 11,000 short of its wartime requirements.

In this paid drill strength increase, the ability to meet this requirement depends on maintaining a variety of incentives, such as the bonuses in the selective Reserve incentive program; and educational assistance programs, such as the GI bill which I will mention later on.

The bonus and these educational assistance programs are complementary incentives. They are aimed at different groups of people whom we must attract, and whom we want to retain.

And thus they have different objectives. And neither one is a substitute for the other. They're both essential, and we urge that they be continued.

STATUS OF AIR FORCE RESERVE

It hurts me to say this as an army officer, but the Air Force Reserve still continues to set the standard for combat readiness, and the effectiveness of the Reserve forces. Its excellence has been recognized by the Air Force, and by the Congress, and by our allies.

Many new missions and aircraft have been assigned to this cost-effective and this combat-ready component.

The Air Force has reported to Congress that even more reliance is going to be placed on the Reserve with the transfer of additional assets such as the C–141's, the C–5's, and the F–16 aircraft.

Our flying units are only part of the program. There is going to be significant growth in the support area, including aerial port medical and civil engineering units.

Sixty percent of the aircraft battle damage repair capability, and 47 percent of the aerial port squadrons are in the Air Force Reserve.

And we ask you to support these new missions and aircraft conversions by approving the necessary resources of personnel, equipment and operating funds and MILCON programs that have to go with them.

NAVAL RESERVE

In the Naval Reserve, the administration proposal to attain almost 130,000 selected Reserve end strength in 1988 and 133,000 in fiscal year 1989 is strongly supported by our association.

This represents an increase of over 6,000 for the first fiscal year that we're talking about, and 3,000 for the following. And these increases are essential if the Naval Reserve is going to fulfill its expanded role and man the new ships and aircraft to provide additional personnel and mine countermeasures and in the medical support arena.

And these increases, if they come about, will put the Naval Reserve paid strength at 98 percent of its wartime requirement.

MARINE CORPS RESERVE

The Marine Corps Reserve is a major factor in the Marine total force. It contributes one-fourth of its structure and one-third of the trained manpower.

As has been the case in the past few years, the Marine Corps manpower requirements appear to be adequate, as it has been requested in the 2-year budget cycle that has been submitted.

Significantly, the Marine Corps Reserve budget has reflected real growth ever since 1978. This support has enabled the Marine Corps Reserve to meet, and usually to exceed, the OSD program guidelines.

Thus, we at ROA strongly urge support of the selected Reserve end strength of 43,700 for 1989.

COAST GUARD

Just a brief comment, Mr. Chairman and Senator Stevens, on the Coast Guard. We are quite concerned about the Coast Guard and the Coast Guard Reserve.

They are one of our five Armed Forces. And certainly the military readiness of that component should be a matter of concern for this committee.

And it's for that reason that ROA solicits your support in the maintenance of a Coast Guard that is fully manned, trained and equipped to meet both its peacetime and its wartime mission.

It's imperative that the Coast Guard and the Coast Guard Reserve be fully prepared to meet their statutory duty as a military service and branch of the Armed Forces of the United States.

Quite frankly, unfortunately, the Department of Transportation, OMB, and the transportation appropriations subcommittee, have really provided very little support for the Coast Guard Reserve or the Coast Guard's wartime mission.

Thus, ROA looks to this committee to ensure, because of your responsibilities, their military readiness.

Just a few general personnel issues I'd like to touch on, and then I'll conclude, Mr. Chairman.

USER TEST FOR OUTPATIENT CARE AT MILITARY HOSPITALS

We are quite concerned over the administration's fiscal year 1988 budget proposal to conduct a user's test for outpatient care at military hospitals, medical facilities, for nonactive duty members.

Although the details of this test have not been finalized, we are concerned over the impact that such a user fee or tax will have on the service families.

It can only result in reduced morale, and have an adverse impact on military readiness. If such a fee is permitted to be tested, the services' pledge to provide free medical care for active duty members and their families, we'll just invoke it. And there's a lot of publications that the services have been distributing for years that guarantee that.

And so we urge this committee to take whatever action is necessary to prevent a user's fee from being imposed on dependents, retirees and other authorized beneficiaries.

CHAMPUS REFORM INITIATIVE

Regarding the CHAMPUS reform initiative, we note that DOD has issued a request for a proposal on that. And while we applaud the objective of providing better care at lower cost to both the government and beneficiary, we urge the Congress to thoroughly evaluate the results from the first phase before permitting DOD to move into phase two and phase three.

Let's be sure that it's going to work, and it's not going to end up drying up the capabilities of the military health care facilities, and their combat readiness medical requirements, before we shift over into this new total change.

GI BILL

As I mentioned earlier, educational assistance, we feel, is quite important. ROA is pleased to note that legislation has moved through the House and is moving in the Senate to make permanent the new GI bill. We hope that we will see that.

The GI bill has had a history of 40-plus years of success. It's made a great contribution to our Nation. Many of us here have benefitted from it. We would like to see that made permanent.

Mr. Chairman, I appreciate very much this chance.

Chairman STENNIS. Well, you have valuable testimony there. We are glad to have it. We are going to put it in the record now, and we will review it, and get it to the attention of all our members.

[The prepared statement of Colonel Lively follows:]

PREPARED STATEMENT OF COL. C. JUDSON LIVELY, JR., USA (RET.)

Director of Retirement Affairs

Reserve Officers Association of the United States

Mr. Chairman and Members of the Committee:

Thank you for providing this opportunity for me to represent the many men and women from all of the uniform services who are members of the Reserve Officers Association.

ROA thanks this subcommittee for aggressively ensuring the readiness of the National Guard and Reserve. The subcommittee is commended for providing necessary appropriation add-ons in the past over the opposition of the administration and even the authorizing committees.

Especially noteworthy is the support this subcommittee has demonstrated for the Coast Guard by providing add-on funding for equipment procurement on several occasions. While the Coast Guard is not specifically a responsibility of the Defense Appropriation Subcommittee, you have shown your appreciation of the wartime responsibility of this 5th armed service.

In the past years, ROA has recommended Congressional action to provide better and more modern equipment to the Reserve Component as an economical way to maintain the readiness of the armed forces in a dangerous world. That philosophy is just as valid today, and its wisdom has become more apparent.

It is well known that Reserve forces are the most economical source of units when they are properly equipped and trained. At a time when the defense budget is under heavy attack, reliance on reserves is especially appropriate, and that means providing them with suitable equipment.

We wish to thank the Congress for the significant gains made in modernizing the equipment of the Reserve forces during the past five years. To a large extent, this has been the result of Congressional initiatives, not Pentagon budget requests. We are concerned that in the face of severe budget constraints, the Reserve forces will be expected to accept an across the board "share" of cuts, while at the same time assume more missions. It is our contention that the Reserve forces should receive more funds when the active force is cut, not less. Traditionally, force structure is transferred to the less expensive Reserve Component to preserve it for future contingencies. The saving is made by placing it in the Reserve. However, mission transfers are not always accompanied by essential manpower required to effectively manage force growth, the equipment necessary to assume maintenance of combat capability, nor the funding to train the force to required readiness levels. If, having served as the vehicle for attaining a cheaper force structure, subsequent budget and manpower cuts are applied equally to the Reserve and the active forces, combat capability and readiness must suffer. We urge the Congress to recognize the inherent savings in the Reserve force structure and to assure that essential manpower, equipment and operating funds be appropriated to preserve the required combat readiness of the Total Force.

ARMY RESERVE

The critical elements in improving readiness of the Army Reserve are personnel, training, equipment, and mobilization capability. With the strong support of Congress, the Army Reserve is more ready and better trained than it has ever been. Critical programs like the AGR, dedicated procurement, overseas training to include Central America, and Selected Reserve Bonus, educational assistance incentives, including the GI Bill have made the best Army Reserve our Nation has ever had.

The Army Reserve request for FY 88 will provide a Paid Drill Strength of over 300 thousand, about 11 thousand short of it's wartime requirements as it is currently structured. As the Army Reserve accepts new missions the resources to support the force structure must be considered. The request increases Reservists on Active Duty in the AGR program by 1,843 personnel to approximately 14.3 thousand. This is the lowest percentage of full-time support of any of the Services and is far short of the ten percent of the Paid Drill Strength. Increases in the AGR program are essential if the Army Reserve is to establish new units and train to the mobilization readiness required to be an essential element of the Total Army. The AGR soldiers provide Reserve expertise, military training and assignment flexibility. AGR personnel support Army Reserve units throughout CONUS and overseas and know the realities and competing demands of the Reserve soldier. Those AGR serving overseas play a critical role in the successful overseas deployment training and assuring the Active Command know the capabilities of the Reserve units and utilize them to the maximum extent possible.

The civilian military technician request is only 400 but is an important increase to provide continuity and ties with the local civilian community. This essential element of the Full-Time support team enables Drilling reservists to concentrate their limited training time on preparing for their mobilization mission.

The Paid Drill Strength increase is significant and the ability to meet this requirement depends on maintaining the variety of incentives such as bonuses in the Selected Reserve Incentive program and educational assistance incentives, including the GI Bill. An incentive program pays a variable bonus to persons enlisting in the Army Reserve in specific critical skills or high priority units. Experience has demonstrated that soldiers who enlist for an incentive remain in the Army Reserve longer than those who do not. The education assistance program not only helps build a stronger, more ready military force, it helps build a stronger, more productive America. Every dollar spent on education assistance will be returned many-fold.

The bonus and educational assistance programs should be viewed as complementary incentives. They are aimed at different groups of people whom we must attract, and thus, have different objectives. Neither one is a substitute for the other - both are needed. If the Army Reserve is to meet the Selected Reserve enlistment goal for FY88 of 79 thousand, the continuation and expansion of the Selected Reserve Incentive program including educational assistance is essential.

Training the Army Reserve, individuals and units, is the basic element of mobilization readiness. The quality of this training has increased significantly in the last few years. As the Active commands understand, accept, and prepare for the Reserve units the total Army gains. In FY 1987, nearly 25 thousand Army Reservists will train overseas. This gives the Reservists a sense of contributing to our National security. This training is not only in Europe, but Egypt and other Mideastern countries, Korea, and Central America. The Army Reserve will train nearly 5,500 Army Reservists in exercise Blazing Trails in Honduras this year and 2,200 in exercise Team Spirit in Korea. This kind of training experience is cited by Reservists as the primary factor in their decision to stay with the program. AGR personnel play a critical role in these exercises that prove the ability of the Reserve and Active Components can be integrated into a Total Force and perform successfully.

Progress has been made in obtaining substantial quantities of more modern equipment for the Army Reserve through the Dedicated Procurement Program. Equipment procurement has been primarily aimed at enhancing readiness of early deploying units. Beginning in FY 1987, equipment will also be identified to ensure that Army Reserve training divisions too have sufficient equipment to train the trainers. The Army Reserve has identified $104 million for nomenclature in FY 88. As a result of increased issues of critical equipment, Army Reserve units have experienced improvements in their readiness posture. It should also be noted that due to the current unit readiness rating system's handling of the effect of such factors as mission changes, reorganizations, and the need for qualification training associated with new equipment, many improvements in actual warfighting ability wrought by this new equipment go unreported. The improvements are there; however, the current system is not designed to recognize them.

Improvements in the Army Reserve in the area of personnel, training, equipment, and mobilization capability must continue, and will, with the strong support of Congress. The outstanding Army Reserve of today is an essential element of the total Army and vital to our National Security.

The Air Force Reserve (AFR) continues to set the standards for combat readiness and effectiveness of Reserve forces. Its excellence has been recognized by the Air Force, the Congress, and even our allies. Many new missions and aircraft have been assigned to this cost effective and combat ready component.

The Air Force has reported to the Congress that even more reliance will be placed upon the AFR with the transfer of additional assets such as the C-141, C-5, and F-16 aircraft. A new Special Operations Squadron will activate at Davis-Monthan AFB, Arizona this year with an addtional mission of drug interdiction. However, flying units are only part of the program. There will be significant growth in the support unit area including Aerial Port, Medical, and Civil Engineering units. Sixty percent of the Aircraft Battle Damage Repair capability and 47 percent of the Aerial Port Squadrons are in the AFR. We ask that you support these new missions and aircraft conversions by approving the necessary resources of personnel, equipment and operating funds, and military construction programs associated with them.

One of the reasons for the remarkable success of the Air Force Reserve, is the modern equipment received in recent years that allows its units to perform on an equal basis with the active force. We thank the Congress for providing the funds for F-16 and C-130H aircraft for the Reserve. The true value of modern equipment is, of course, reflected in increased combat capability for all AFR units that are updated.

It is imperative that modernization of the Air Force Reserve aircraft continue. We urge the Congress to provide eight C-130H aircraft to replace thirty year old "A" models in FY 1988 and eight more in FY 1989. In the face of severe budget constraints, it makes economic, as well as operational sense, to assure a viable, combat capable Reserve force. As more reliance is placed upon the Air Force Reserve to provide a cost efficient alternative in the Defense budget, we must assure that its units are equipped and trained to fulfill the wartime mission when called upon. In the case of the tactical airlift mission, nearly two-thirds of the total force comes from the Air Reserve Forces (Air Force Reserve and Air National Guard). Clearly it would be disastrous to allow the Air Reserve Force C-130 units to become obsolescent.

A related very high priority is the need to equip the entire tactical and strategic airlift fleet with defensive equipment against infrared and radar guided misiles. This equipment must include radar warning receivers, missile warning radars, and flare/chaff dispensers as a minimum. There are existing systems, such as those presently installed on the special operations MC-130 and AC-130 fleet, that can significantly improve the survival potential for these airlift aircraft. We must recognize that aircraft can no longer be sent to a combat zone without some means of detecting and identifying threats and having some capability of responding to those threats. As a start, we request $13.5 million annually to modify 24 airlift C-130s and 3 reserve HC-130s per year.

A second factor in the high level of readiness and combat capability in the Air Force Reserve is the Military Technician program. We are convinced that for the Air Force Reserve and its particular situation, the Military Technician is the key to success. These dual status individuals provide day-to-day management and continuity to their units while performing as full-time AFR employees. As military members of their units, they train other Reservists during active duty and inactive duty training periods. The high skill level and stability of these employees are critical in sustaining the AFR's outstanding operational readiness.

However, we are concerned that in the past ten years, full-time support personnel compared to unit end-strength has decreased from approximately 25 percent to 20 percent. The potential for unfavorable impact on the management as well as the training of the Air Force Reserve cannot be ignored. In the case of AFR management headquarters, the number of full time management personnel decreases from 644 to 610 between FY 1980 and FY 1991, while unit end strength increased from 49,800 to 72,269. Clearly, the requested numbers of full time management personnel are necessary for the continued effective management and combat capability of the Air Force Reserve. We ask that you support the request and eliminate any further cuts.

A third ingredient of the AFR's success is the high level of annual and inactive duty training participation. Whether as a unit member or Individual Mobilization Augmentee (IMA), the dedicated Air Force Reservist makes many sacrifices to serve our country. The family and employer also make many sacrifices to support the Reservist when he receives short-notice orders, extended duty and countless other hardships and inconveniences. We thank the Congress for the many initiatives accomplished in previous years to provide the necessary support to the individual Reservist and to the mission.

Again we urge that we not be pennywise and pound foolish in the face of this year's fiscal constraints. Modern equipment, meaningful missions, and realistic training are the foundation of the AFR's combat readiness. The Operations and Maintenance Appropriation provides the day-to-day operating money to carry out the Reserve mission. Across-the-board cuts in these accounts, without regard to mission tradeoffs made to the AFR, will not serve the Total Force nor our common defense well. The continued expansion of the AFR in combat and mission support, as well as flying units, makes it imperative that the AFR not be apportioned a simplistic "share" of any cuts in Operations and Maintenance funds. The AFR, for example, provides 71 percent of the Air Force Aeromedical Evacuation Medical crew capability, 40 percent of the Strategic Airlift Maintenance force, and 100 percent of the Aerial Spraying Capability. The requested growth in manpower and operating funds is a direct result of continued AFR personnel and mission unit growth in fiscal years 1988 and 1989.

An example of "sharing" cuts is the decision of the Air Force to cut the active and Air Force Reserve Force C-130E/H crew ratio from 2.0 to 1.75, strictly due to fiscal constraints. We understand the requirement to cut costs, even when intratheater C-130 requirements cannot be met. However, we believe the dollar savings in the Reserve components do not justify the loss of trained aircrews and consequent combat capability. The total saving in the Air force Reserve, including reduced maintenance and flying costs, is only $7.7 million in FY88. Unlike the active force, many of these cost effective, highly experienced aircrews cannot be moved to other Reserve units and will be lost to the total force. We ask that funds be provided expressly to maintain the Air Reserve Force C-130E/H crew ratio at 2.0.

In summary, with your continued understanding and support, the Air Force Reserve will continue to provide a superb, cost effective, combat ready, fighting force. Excercises and real world contingencies have proved that all AFR units can mobilize in 24 hours and deploy within 72 hours. The AFR is ready, better and stonger than ever before; we ask that you provide the resources to keep it that way.

NAVAL RESERVE

As ROA has often stated during the last few years, the Navy is to be highly commended for significantly upgrading the Naval Reserve as a fighting force. Several years ago, the Navy's support for, and appreciation of, the Naval Reserve was, for all practical purposes, non-existent. However, tremendous strides have been made during the past few years. ROA strongly urges continued Congressional support for the Naval Reserve initiatives contained in the FY88 and FY89 budget requests, and for those additional initiatives contained herein.

SELECTED RESERVE PERSONNEL

The Administration proposal to attain 129,965 Selected Reserve (Category "A" & "Q") end strength in FY88, and 132,998 in FY89, is strongly supported by ROA. The FY88 request represents an increase of 6,145 over FY87 strength; the FY89 request, a 3,033 increase over FY88. Such increases are essential if the Naval Reserve is to fulfil its expanding roles, man new ships and aircraft, and provide additional personnel in mine countermeasures and medical support. These increases will put the Naval Reserve paid strength at almost 98 percent of wartime requirements. The current Navy plan calls for a Category "A" & "Q" Selected Reserve strength of 138,633 by the end of FY92, an increase of over 52,000 from the FY81 plan. A truly remarkable turnaround!

UNIT INCENTIVE PAY

Even with increased personnel strength in the Naval Reserve, the manning of high priority units, particularly the NRF ships, remains a problem. A significant contributing factor to this manning problem is the rigorous training and long hours spent by the Reserve crew when the NRF ship goes to sea for the entire weekend, leaving port Friday night in many cases. In addition to the eight hours of training which takes place during the working day, watches must be stood around the clock when the ship is at sea. Reservists assigned to NRF ships spend, on the average, 32 hours at sea on a drill weekend; their Reserve Center drilling counterparts spend 16 hours in less intensive-training. For this relatively arduous duty, the NRF Reserve crew member receives no incentive, except the "joy of going to sea."

Accordingly, ROA again strongly recommends a proposal, which was supported by OSD and the other services, but which was not adopted by the 99th Congress, to provide incentive pay of up to $10 per drill to those enlisted Reservists in designated "hard to man" units - which would amount to $40-$50 per drill weekend. Such an additional amount seems somewhat minimal in today's economy; however, a recent study conducted by the National Defense University indicated that a $10 per drill incentive would significantly improve drill attendance and increase NRF ship readiness. With the steadily increasing number of modern, front line ships entering the Naval Reserve, creating even greater reliance on the NRF, full manning of these ships is a most critical need. ROA understands that $2.9 million for FY88, and $3.2 for FY89, were identified in the Navy Legislative Contingency Fund to support this proposal. Nevertheless, OMB would not agree to such usage; nor was the Navy permitted to include this item in their budget submission to Congress.

FULL TIME SUPPORT PERSONNEL

The FY88 and FY89 submission also requests an increase of full time support (FTS) active duty (TAR, TEMAC & 265 Recall) personnel from the FY87 level of 21,476 to 22,505 and 23,665, respectively. These increases represent critical support for the rapidly growing Selected Reserve force; increased Reserve recruiting requirements; the growing frigate program (mandated by Congress to be manned by approximately 50 percent TAR - 50 percent SELRES); and aircraft squadron transitions to new, more sophisticated aircraft. ROA strongly recommends that these requested increases in full time support personnel be approved.

Recent events have created additional problems in the FTS area. The Surface Program to Upgrade Readiness (SPUR) was initially designed for implementation in an organization of six Naval Reserve Readiness Areas. The Chief of Naval Reserve has moved forward on the implementation of SPUR; however, the Secretary of the Navy, bowing to significant pressure from some members of Congress, refused to approve the decrease in the number of Naval Reserve Readiness Commands from the current sixteen to the planned level of six. The requirement to carry out SPUR in a sixteen Readiness Command organization leaves fewer personnel than planned available for transfer from headquarters staffs to the field. Therefore, the resulting shortfall in military full-time support end strength required (at Readiness Center) to operate in a sixteen Readiness Command organization is:

Officer	Enlisted	Total
72	424	496

Addition of these 496 FTS end strength requirements will require an additional $9.5M in Reserve Personnel, Navy (RPN) funds in Fiscal Year 1988.

ROA would prefer that Congress formally direct the Navy to carry out this essential surface training initiative with a six Readiness Area organization as originally planned. However, if Congress is unwilling to do this, approval of these additional FTS end strength numbers is critical. Otherwise, the Navy is caught in the middle between pressure from certain members of Congress that the current organization be maintained, while at the same time trying to implement greatly needed improvements in the surface training program which require additional FTS personnel at the local training level -- an obviously untenable situation!!

TAR SELECTIVE REENLISTMENT BONUS (SRB)

Along with this increase in full time support personnel, ROA also recommends enactment of a TAR Selective Reenlistment Bonus (SRB). The uniqueness of TARs, compared to other FTS personnel, must be recognized. They experience routine PCS moves, are on call seven days a week, and in many ways, are indistinguishable from their Regular Navy counterparts. "Surface" TARs are at sea aboard NRF ships about 75% as much as are sailors aboard fleet ships. "Air" TARs operate from coast to coast, deploy briefly aboard carriers, and often deploy for short periods overseas.

If approved for FY88, the TAR SRB would be targeted at six seagoing technical ratings for NRF ships. While it will provide greater equity with USN shipmates serving on the same NRF ships, the amounts paid will still be less than that given USN personnel, since the NRF ships do not deploy. Such a bonus must be enacted if the enlisted TAR community is going to attract the critical ratings necessary for ship and aircraft squadron manning. ROA understands that enactment of a TAR SRB would require an additional $7.0 million in FY88 and $8.9 million in FY89. As with the unit incentive pay initiative, these amounts were identified in the Navy Legislative Contingency Fund, were included in the DOD legislative program, but were eliminated by OMB.

ROA understands that various incentives and bonuses, including the aforementioned Unit Incentive Pay and TAR SRB, are being evaluated by the Sixth Quadriennial Review on Military Compensation. Nevertheless, we believe that these two incentives are sufficiently essential, as well as logical, to deserve enactment without waiting for the report of the Sixth Quadriennial Review. In this same vein, we believe that making permanent the "new GI Bill," with its Reserve incentives, is also deserving of immediate enactment. VADM Kempf recently identified the GI Bill as the number one retention incentive currently available to the Naval Reserve.

NRF FRIGATES/LAMPS I HELICOPTERS

The Navy plan to transfer modern, mission capable frigates to the Naval Reserve is proceeding on schedule. By 1990, eight FF-1052 Knox class and eighteen FFG-7 Perry class frigates will be in the NRF. FY87 will see seven Knox class and twelve Perry class frigates in the NRF, with four more Perry class and one Knox class scheduled to transition to the NRF during FY88.

One must remember, however, that the FFG-7s were developed as the low end of the high-low mix. They're merely platforms with questionable capability of performing any mission without retrofitted submarine detection sensors and weapons. Currently, all Knox class frigates are programmed to receive the AN/SQR-18 Tactical Towed Array Sonar System (TACTAS) and the LAMPS I ASW helicopter. ROA strongly supports a recent Navy decision to equip all Perry class frigates Active and Reserve, with the highly sophisticated and capable AN/SQQ 89 Sonar system, including the AN/SQR-19 TACTAS. The Navy program calls for two NRF frigates per year, FY88 - FY96, to receive the SQQ89 system. Those frigates not scheduled for this upgrade until FY91 and out, will receive an interim upgrade, the AN/SQR-17.

FY87 Congressional language ending the LAMPS I ASW helicopter procurement program is viewed with great concern, however. As approved last year, the final procurement will provide exactly one LAMPS I helicopter for each NRF frigate. This "cuts it" far too close; a logical minimum ratio would be 1.8 helicopters per ship - optimum would be two per ship. To quote the last Reserve Forces Policy Board Report:

"SH-2 LAMPS MK I helicopter procurement for the Naval Reserve must continue as an essential element of the ASW team on Naval Reserve Force (NRF) ships. New frigates coming into the NRF are designed to accommodate two of these helicopters and should receive both in order to have a fully capable ship as it was designed. The Navy is already short of surface escorts and to exacerbate the shortages in such an operational requirement of this magnitude for the sake of economy by purchasing only one helicopter per ship seems to be very shortsighted."

Accordingly, notwithstanding FY87 Congressional language to the contrary, ROA strongly recommends continued procurement of SH-2F LAMPS I helicopters in FY88 and FY89, at the rate of six per year. This would result in a total of 30 LAMPS I helicopters for 18 FFG-7 Class Reserve frigates -- a reasonable compromise between the currently approved one per ship and the designed requirement of two per ship. One helicopter per ship provides no back-up helicopters if any are down for maintenance or if even one crashes, or is otherwise lost. Estimated cost would be approximately $53 million per year, FY88 and FY89.

Additionally, ROA considers it essential that procurement of modernization kits, (T-700 engine, advanced avionics, and onboard acoustic processor) for existing LAMPS I helicopters be continued at the rate of six per year in FY88 and FY89. Two are requested in the FY88 Navy submission and they drop out of Navy procurement planning totally in FY89. Since modernization of the older LAMPS I helicopter is essential to their ASW capability in the force of more sophisticated Soviet submarines, ROA considers it absolutely essential that all Naval Reserve LAMPS I helicopters receive this upgrade. Estimated cost is $18 million in FY88 (4 kits) and $26 million in FY89 (6 kits).

Since TACTAS and LAMPS I retrofitting is so critical to ASW mission capability, we ask that the Congress approve the FY88 and FY89 requests and continue to monitor closely the LAMPS/TACTAS program for the Naval Reserve frigates.

COMBAT SEARCH AND RESCUE; LIGHT ATTACK HELICOPTER

The only Combat Search and Rescue (CSAR) capability in the Navy rests in the Naval Reserve. Congress, recognizing the fact that the aircraft available to this mission were old and not survivable against today's threat, added $12 million in FY85, $25 million in FY86, and $38 million in FY87 to procure a total of nine new HH-60 aircraft for the Naval Reserve combined Combat Search and Rescue, and Light Attack Helicopters (HAL) missions. Navy has now programmed the procurement of an additional nine aircraft, for a total of eighteen, three each in FY88, FY89, and FY90.

In total agreement with Congressional recognition of this problem during FY85, FY86 and FY87 deliberations, ROA strongly recommends that this vital modernization progam be continued and that the Navy's request for $42.5 million in FY88 and $38.4 million in FY89 be approved for the purchase of six CSAR/HAL HH-60 helicopters.

MARITIME PATROL AIRCRAFT

The P-3C is the primary airborne ASW system currently in the inventory. However, P-3C procurement runs into continued Congressional problems each year, both in the Authorization and Appropriations process. Cost escalation and low production line requirements appear to be the major contentious issues. In the FY86 and FY87 Continuing Resolutions, Congress finally funded nine P-3C aircraft each year (six for the Naval Reserve in FY86; four in FY87.)

ROA notes with concern that there is no P-3C procurement requested in FY88 and FY89. The Reserve Forces Policy Board Report notes that cancellation of the last few year's P-3C procurement, in order to save costs, when many of the Reserve P-3 squadrons still require modernization, is of great concern.

The current Navy thinking is that the P-3C, Update III, will be followed by P-3G, Update IV -- 125 aircraft, procurement running FY89 through FY94. Very recent information indicates that the existing P-3G RFP has been withdrawn and is being rewritten -- with initial delivery slipping until FY92. If no P-3C procurement is approved in FY88/89, this means no new aircraft for this vital mission until, at the earliest FY92, at a time when 12 of 13 Reserve Force squadrons require modernization. This in turn would result in the elimination of half the Reserve Maritime Patrol Squadrons in the mid-nineties -- a totally unsatisfactory situation!!

While the proposed P-3G (or whatever) aircraft will be subject to competitive bidding, it probably will be a P-3C derivative and not a radically different aircraft, thereby rendering obsolete the P-3C. Also, as was pointed out during final FY86 deliberations, the inventory of airframes does not satisfy Total Force requirements -- it is 45 airframes short!

Continued production of P-3C aircraft, and incorporation of planned improvements in the older P-3s, (heavyweight P-3B and non-update P-3C) appear to be the most cost effective short and long term solution in meeting the Navy's maritime strategy. The existing plan should, in no case, be halted until acceptable alternative plans have been fully developed and scheduled for implementation in an orderly manner. Degradation of the Maritime Patrol mission, in face of the increasing Soviet threat, cannot be accepted.

In the strongest possible terms, ROA urges that Congress continue to support the procurement of P-3C aircraft for the Naval Reserve at a cost of $383.8 million each year, FY88 and FY89 (nine aircraft per year).

The Marine Corps Reserve is a major factor in the Total Marine Force, contributing one-fourth of the structure and one-third of the trained manpower. As has been the case for the last few years, the Marine Corps Reserve manpower requirements appear to be well provided for in the FY88/FY89 budget request.

SELECTED RESERVE PERSONNEL

ROA compliments the Marine Corps on their continuing recognition of the Reserve contribution and on their consistent support of the Reserve component. The Marine Corps Reserve Budget has reflected real growth every year since FY78. This support has enabled the Marine Corps Reserve to meet and usually exceed OSD Program Guidance. Accordingly, ROA strongly urges approval of the Marine Corps request for an FY88 Marine Corps Selected Reserve end strength of 43,700 and 44,500 for FY8 -- up from an FY87 SELRES strength of 42,800.

FULL TIME SUPPORT PERSONNEL

ROA also strongly supports the newly established Marine Corps Reserve Full-Time Support Program. Prior to 1984, such support was provided entirely by regular active duty Marines. However, as is the case with all other Reserve Components, the Marine Corps recognized the value of utilizing a number of Reserve personnel to assist in organizing, administering, instructing and training the Reserve. These personnel complement the over 5,000 Active Component Marines currently providing full-time manning support to the Selected Marine Corps Reserve. The program started with 803 personnel in 1984, includes a requested increase of 900 in FY88, 800 in FY89, and is programmed to grow to over 2,400 by 1990. We urge Congressional support of this effort.

EQUIPMENT MODERNIZATION

ROA strongly supports Marine Corps efforts to modernize the Reserve Ground Combat Forces. The "single acquisition objective" procurement program is designed to ensure that equipment upgrading occurs in Reserve units concurrent with that in their active counterparts. Recent Congressional add-ons, combined with Marine Corps budgeting efforts, have resulted in the equipping of the Reserve ground forces with much of their total requirement for such items as the Light Armored Vehicle, High Mobility Multipurpose Wheeled Vehicle, 5 Ton Vehicle, the M16A2 rifle, and the M198 Howitzer. Current Marine Corps procurement programs will eliminate all but 1.7 percent of the shortages of equipment required for mobilization by the end of FY90. We urge that Congress support these efforts and expedite this modernization process to the maximum extent feasible, as has been done in recent years.

To this end, ROA recommends addition of $23 million each year, FY88 and FY89, for the procurement of miscellaneous equipment required for training and mobilization. This category includes such items as light and heavy cranes, container items and container handlers, forklifts, tractors, M4 Carbines, training simulators, etc.

Unfortunately, the Marine Air Reserve has lagged far behind the ground forces in equipment modernization. The Fourth Marine Air Wing is severely limited in its capability to augment and reinforce the active forces due to aging aircraft, aircraft shortages, incompatibility between Active and Reserve aircraft, and block obsolescence. Aircraft modernization in the Reserve still depends, to a significant extent, on aircraft released from the active force. Such a program will not satisfy long term requirements. ROA has noted for several years that the Marine Corps had not initiated a horizontal integration of equipment policy in their Air Reserve program as had the Navy, or as had occurred in the Marine Corps Reserve ground program.

However, during FY86, Marine Corps planning changed so that modernization of Marine Reserve aviation will occur significantly earlier than previously indicated. The Marine Corps now has a stated goal of having an all F/A-18 fighter attack force, replacing all F-4s and A-4s, by FY94, transitioning to commence in FY89. Such commonality with the active force is critical to readiness, particularly since our carriers can no longer support F-4s on mobilization. Certainly, commonality will result in increased efficiencies and readiness in training, spare parts and maintenance. ROA urges that Congress support this modernization program, directing that it be expedited wherever possible.

Congress has previously directed establishment of two Marine Air Reserve KC-130T aerial refueler/transport squadrons and further directed expedited procurement for this purpose. A total of fourteen KC-130T aircraft have been funded for the Fourth Marine Air Wing, all as Congressional add-ons, commencing in FY82. Two were included in FY87 Congressional action. Ten new aircraft have been delivered to date and are based at NAS Glenview, Illinois. However, six KC-130Ts remain to be funded to meet the Congressional mandate. ROA recommends additional funding be added again to procure two additional KC-130T aircraft each year, FY88 and FY89, for the Marine Air Reserve. Estimated cost, $40 million each year.

A companion problem has emerged concerning the basing of the second KC-130T squadron at Stewart International Airport, New York. Standup is moving ahead in the areas of programmed personnel, aircrew training, and flight-hour funding. However, the absence of sufficient MILCON funding will require postponement of the initially planned Stewart standup in the fourth quarter FY87. $20 million has been requested in FY88 Naval Reserve MILCON funding to support the squadron at Stewart. An additional $1.6 million (supply warehouse) and $4.8 million (fuel cell dock) has been identified (but not requested) as essential MilCon support of KC-130T aircraft at Stewart. Congressional support of these MilCon requirements is essential to the success of the KC-130T basing initiative at Stewart.

COAST GUARD

I would like also to mention the concern of ROA about the Coast Guard and Coast Guard Reserve. The Coast Guard plays a significant role as one of the five Armed Forces. Certainly, the military readiness of the Coast Guard should be an item of concern to the Appropriations Subcommittee on Defense.

The Coast Guard's capability to carry out wartime taskings is a matter of well known serious concern. These shortcomings have been set forth time and again in magazine and newspaper articles, in GAO reports, and in Congressional oversight reports. The most recent report of the Reserve Forces Policy Board noted several areas of major concern and pointed out the extremely critical nature of the port security mission and the need for that mission to be ready in the very first stages of mobilization.

SELECTED RESERVE PERSONNEL

We are pleased that the Administration has recommended a 750 increase in Coast Guard Selected Reserve strength - from 12,750 to 13,500. However, this requested increase hardly responds to an established mobilization requirement of 27,400. A Selected Reserve which constitutes only 47 percent of mobilization requirements is a long way from matching the Selected Reserve strength of the Department of Defense Reserve components, all of which currently stand at about 95%.

It should also be noted that FY87 Selected Coast Guard Reserve strength authorization was set at 14,400 by the Anti-Drug Act. While no specific supplemental funding was approved to support these numbers, DOT/OMB sought no way to accomodate the strength directed by the Congress. As usual, DOT/OMB ignored this direction in FY87 execution, and again in the FY88 budget submission.

Appearing recently before the House Armed Services Personnel Subcommittee, ADM Paul Yost, USCG, Commandant of the Coast Guard, stated that the Coast Guard Reserve should be at a minimum strength of 24,500 (about 90% of requirement) in at least ten years; that extending the growth period longer than ten years is totally unacceptable -- particularly in view of the Coast Guard Reserve's ever-increasing role in the Maritime Defense Zone (MDZ) mission. He also noted that an annual increase of 1,100 (not 750) would be necessary to accomplish this goal.

The Reserve Forces Policy Board stated that additional personnel will be required in the Coast Guard Reserve to sustain mission capability as the tempo of wartime activities builds beyond the first few weeks of a conflict.

ROA would call attention to HR 1640, introduced 17 March. This bill would increase the authorized personnel strength of the Coast Guard Selected Reserve to 14,000 in FY88 and 15,300 in FY89. Further, it requires SECDOT to submit to Congress a plan for the Coast Guard to meet 95% of its wartime requirements, including SelRes personnel, equipment and training resources, by 30 September 1998. ROA strongly urges the members of this subcommittee to support this initiative. We understand that the additional Coast Guard SelRes personnel included in HR 1640 will require an additional $2.5 million in FY88 Reserve Training funding.

FULL TIME SUPPORT PERSONNEL

ROA would like to direct the subcommittee's attention to a totally unsatisfactory situation regarding Coast Guard Reserve FTS personnel. Currently, the ratio of FTS personnel to SelRes personnel in the Coast Guard is 1:19, by far the most disadvantageous ratio of any of the Reserve Components. While we have seen some slow growth in Coast Guard SelRes strength over the past few years -- 11,700 to the FY87 funded level of 12,750 -- the number of FTS personnel has actually decreased due to arbitrary active strength reductions imposed by DOT. This trend is continued in the FY88 submission which requests an increase in SelRes strength to 13,500, but requests no increase in FTS personnel, thereby exacerbating an already unsatisfactory situation. Accordingly, ROA recommends an increase of 30 Coast Guard FTS personnel in FY88, at an additional cost of $1 million.

EQUIPMENT REQUIREMENTS

The Reserve Forces Policy Board noted the Coast Guard Reserve's significant shortfall in equipment needed for mobilization and then stated that the equipment available in the Active and Reserve Coast Guard would be unable to meet current requirements. Because port security in support of coastal and harbor defense in the Maritime Defense Zones is about 75% of the wartime Coast Guard mission, proper equipping of the forces prior to an actual mobilization is necessary to ensure that the outload capability of these ports is maintained. Among the highest concerns is the almost total lack of secure communications equipment which prevents the Coast Guard being an effective MDZ partner with the Navy. Purchase of this equipment now would also benefit peacetime drug interdiction and law enforcement efforts. Presently, drug smugglers listen with impunity to Coast Guard communications, finding cut the interdiction plan before it's ever executed.

As far as ROA can determine, the Administration appears to have no definitive plans for the procurement of secure communications equipment, or for much of any other equipment needed for mobilization readiness. Most of the new equipment funded for the Coast Guard over the past 4 or 5 years has resulted from Congressional "add-ons" through the Defense Appropriation -- it has not been requested by DOT nor supported in the Transportation Appropriation process.

In hearings before various Armed Services subcommittees, RADM Alan Breed, USCG, Chief, Office of Readiness and Reserve, has referred to specific equipment requirements for the Coast Guard Reserve which were submitted to DOD for use in conjunction with the DOD Force Readiness Report, Vol. II (Material Readiness Report) Annex, (required by 10 USC 115a).

ROA has not seen that input, nor was RADM Breed permitted by the Department of Transportation/Office of Management and Budget to do more in his hearing statements than merely refer to the Report. He was not permitted to set forth any of the equipment shortages. However, we understand that a significant shortfall was identified in patrol boats/harbor craft, secure communications gear, vehicles, small arms, protective clothing, night vision devices, etc. We further understand that the total shortfall in portable secure communications equipment, night vision devices, and protective clothing is $21.7 million. Accordingly, ROA recommends that $5.35 million, 25% of the mobilization shortfall in these specific items, be included in any FY88 Reserve and Guard procurement "add-on."

While the Coast Guard Reserve has not been included in previous years' Reserve and Guard Appropriations "add-ons," (possibly because the Coast Guard is in DOT instead of DOD) ROA strongly recommends that the Coast Guard Reserve be included in future Reserve and Guard "add-ons." This will not be precedence setting; for the last several years, major active Coast Guard equipment and personnel items have been added through the DOD appropriations process (Coastal Defense Augmentation; Law Enforcement Detachments, etc.). The Coast Guard Reserve is a partner with the DOD Reserve Forces in the assignment of mobilization responsibilities. They also should share in any additional funding provided in support of the "Guard and Reserve;" otherwise, they remain an "orphan" stranded between the DOT and DOD appropriations processes, receiving support for increased procurement from neither.

ROA solicits your support in the maintenance of a Coast Guard which is fully manned, trained and equipped to meet both its peacetime and wartime missions. It is imperative that the Coast Guard and Coast Guard Reserve be fully prepared to meet their statutory military duties as prescribed in 14 U.S.C. 1, which provides for the Coast Guard to be "...a military service and branch of the Armed Forces of the United States at all times."

DOT, OMB and the Transportation Appropriations subcommittees provide little support for the Coast Guard Reserve or for the Coast Guard's wartime missions. ROA increasingly looks to the Defense Appropriation Subcommittee to ensure the required military readiness of the Coast Guard.

GENERAL PERSONNEL ISSUES

RESERVE MEDICAL COVERAGE

ROA appreciates the giant strides that the Congress has taken over the past three years to equalize the benefits for Reservists and their survivors in the event a Reservist becomes ill, is injured, or killed while traveling to or from training or while participating in weekend drills or on tours of less than 30 days. The increased reliance that is being placed upon the Reserve Components, to include their insertion in hostile environments, made it essential that this element of the force be provided equal medical, disability and survivor benefits, and we thank the Congress for the improvements that have been made in this area over the past 4 years.

MEDICAL SHORTFALLS

Reserve Medical program manning, particularly Hospital Corpsmen and Nurses, is a serious problem now -- but will worsen to disastrous proportions unless major innovations take place in medical recruiting and retention efforts. VADM Cecil Kempf, USN, the Chief of Naval Reserve, recently testified that by the mid-nineties, Naval Reserve medical requirements will have grown to 27,000. Current studies requirement. Quite obviously, serious thought must be given to innovative approaches which must be develped to solve this potentially disastrous situation.

Many people fail to appreciate the seriousness of peacetime medical personnel shortfalls. They believe that in any emergency situation, the military can simply "grab off the street" those doctors which are needed. First of all, such thinking addresses only doctors and not corpsmen and medics where the extraordinarily large shortfalls are, and will be.

Secondly, such thinking assumes the enactment of a doctor draft authority, or some such, which will then be available when needed. Given the current political climate, enactment of such legislation is extremely unlikely, short of a total mobilization situation. The future probably will see a number of limited military operations, such as Korea, Vietnam, Grenada, etc., all of which will be far short of total mobilization, but all of which will require medical support which we don't have and for which no draft authority will exist.

Thirdly, such thinking assumes that doctors can be moved from civilian practice to wartime military practice and can perform their medical specialties equally well in either environment. In the "old days" this was probably true. I have heard it said that surgery in a hospital -- the only difference was "soft walls or hard walls" in the facility. Such thinking is irrelevent to today's modern day, high-tech surgery. Much of this high-tech life support equipment will not be available in military field hospitals to assist in the performance of so-called "meatball" surgery. Nevertheless, today's civilian practitioners have learned and practiced their skills utilizing such equipment. They would, for all practical purposes, be useless if thrust into an environment where this high-tech assistance was not available. To be effective in a battlefield environment, today's doctors must be trained how to practice without the benefit of all the support equipment available in today's hospitals. This obviously requires that such doctors learn these "old time" skills in the Guard and Reserve -- before the advent of hostilities.

HEALTH CARE PERSONNEL

With the increased reliance that DoD is placing upon the Reserve Components to provide health care in a wartime situation, it is essential that further steps be taken to attract trained and qualified medical personnel into the Reserve. Although a Reserve medically oriented educational loan repayment program and a Reserve medical specialized training assistance program are in the process of being implemented by the services, ROA believes that a health care professional special pay program for Reserve personnel should be shortages. When the 96th Congress enacted legislation to provide special pay for Active duty health care rpofessionals, the Reserve Components were not included. ROA believes that a special pay incentive program would have the same beneficial effect on recruiting and retention for the Reserve Components that PL 96-284 had for the Active duty force. Legislation to address the shortages that currently exist in the Reserve component health care professional area should be delayed no longer if increased reliance is going to be placed upon the Reserve Components to make up the shortfall in wartime medical care.

USER FEES FOR OUTPATIENT SERVICES

ROA is very concerned about the proposal in the administration's FY88 Budget to conduct a test of a user fee or "user tax" for outpatient care at military medical facilities for non-active duty members. Although the details of this test have not been finalized, we are concerned over the impact that such a "tax" will have on the morale of service families. Put yourself in the place of a lower grade enlisted man who is deployed at sea or is off on manuevers, knowing that your wife might have to make a decision between food on the table or medical care for a sick child. A user tax, as proposed by the budget, can only result in reduced morale and thus reduced military readiness. If such a tax is permitted to be tested, the service's pledge to provide adequate clothing, housing, and medical care for Active duty members and their families will have been broken. We encourage this Committee to take whatever action is necessary to prevent a user's tax from being imposed on dependents, retirees and their dependents, who use military health care facilities.

CHAMPUS REFORM INITIATIVE

We note that DoD has issued a Request for Proposals (RFP) to start the phased implementation of the CHAMPUS Reform Initiative. While we applaud the objective of providing better care at lower cost to both the Government and the beneficiary, we urge the Congress to thoroughly evaluate the results of the first phase before permitting the Department of Defense to move into Phase II and III. Any sense of urgency to rapidly implement such a drastically reorganized health care systme should be balanced against the promises made to our military personnel, their dependents, and other authorized users. The CHAMPUS Reform Initiative must not be allowed to become the "umbrella of excuse" under which military treatment facility resources are reduced even further, resulting in the denial of care in these facilities to dependents, retirees and their dependents.

GI BILL

We are pleased to note that legislation has been introduced in both the House and the Senate to make permanent the New GI Bill. The Reserve Officers Association believes the New GI Bill is good not only for the services and the individual service member, but is also good for our country. If we are to remain vital and competitive in today's world, an educated population is essential. This is recognized by the large amount of dollars that go for non-military service related educational loans and grants. For example, the Department of Education spent over $3.8 billion in Pell Grants just in FY85, and that was for a GI Bill wihtout the "GI". ROA believes that if an individual wants to serve his country either in the Active or the Reserve Components, it is highly appropriate for that service to be recognized through an educational assistance program. We urge the Congress to take action on the legislation which has been introduced that will change the status of the current GI Bill from a test program to that of an ongoing military service based educational assistance program.

COMMISSARY PRIVILEGES

The FY87 DoD Authorization Bill authorized members of the Selected Reserve to spread-out the commissary use entitlement that they earned through the performance of Active duty for training. This permits Reservists to use the commissary on days of their own choosing for a maximum of 14 during the year. All the indications we have received from the field are that this is a very positive recruiting and retention tool, and we congratulate this Committee for making the Reserve commissary privilege a reality.

In addition, ROA believes that exchange and commissary privileges should not be lost to those who are transferred to the retired Reserve after completing 20 or more years of qualifying service. Reserves in this category are in a limbo status until they reach age 60 and become entitled to pay and the other benefits associated with military retirement. We believe that it would be a low-cost benefit to extend post exchange and commissary privileges to these pre-age 60 Reserve retirees and, Reserve Components.

MILITARY RETIREMENT

The administration's budget submitted last January proposes granting Civil Service retirees Cost of Living Adjustments consisting of the Consumer Price Index minus 1%. We are concerned that if this penalty were imposed upon current civil service retirees, that it would also be applied to current military retirees and thus further erode the constant purchasing power that has been traditionally associated with military retired pay. In addition, it should be noted that, in a significant departure from past practices, both the new military retirement system and the new civil service retirement system use the CPI minus 1 formula for new entrants. Thus, those who come in under the new systems are aware form the start that their retired pay purchasing power will erode and will have ample time over the years to gear their investment strategy accoridingly; however, those who are already retired have no such opportunity.

RESERVE COMPONENT SURVIVOR BENEFIT PLAN

ROA is concerned over the impact the new Tow Tier Survivor Benefit Plan will have on Reserve Component participation. Under the old system a Reservist who paid maximum Social Security taxes each year in his civilian employment, and thus had no military pay contribution to FICA, was providing an unreduced annuity for his survivors. Under the new system the survivor of a Reservist who had no Social Security credits based upon military service will still suffer an annuity reduction from 55% to 35% at age 62. We believe that this arbitrary formula unjustly impacts on this group of survivors and recommend that the Committee reexamine the Survivor Benefit Plan changes made two years ago.

On the subject of the Survivor Benefit Plan, we would like to thank the Committee for reducing the age from 60 to 55 after which SBP recipient may remarry without losing survivor benefits. This change, made last year, brought the military Survivor Benefit Plan remarriage age in line with the Civil Service Plan.

Thank you for the opportunity to present ROA's views. Your support for the men and women inuniform, Active and Reserve, is noteworthy and sincerely appreciated. I will be happy to answer any questions you might have.

INTRODUCTION OF SENATOR STEVENS

Chairman STENNIS. While you are still on the stand here, we have Senator Stevens from Alaska, who is our ranking member.

And he is really an expert in many matters. Senator, do you have a statement to make at this time?

Senator STEVENS. No. I'm delighted to be here, and to receive the testimony. We thank you for your time.

Chairman STENNIS. We want you to stay now for as long as you can.

You had finished, had you?

Colonel LIVELY. Yes, sir.

Chairman STENNIS. All right. We thank you very much. And you stay with us as long as we are taking testimony here, if you can. And we will give thought to every one of your points.

Colonel LIVELY. Thank you, Mr. Chairman.

NAVAL RESERVE ASSOCIATION

STATEMENT OF CAPTAIN CHARLES A. BUESENER, DIRECTOR OF LEGISLATION, NAVAL RESERVE ASSOCIATION

COST EFFECTIVENESS OF NAVAL RESERVE

Chairman STENNIS. Captain Charles A. Buesener of the Naval Reserve Association. Glad to have you here, your preparation and the trouble you have gone to. We feel that we will be benefitted by your testimony, and others will too.

So you just proceed in your own way. Unfortunately, we have got other things going, on the Floor of the Senate and so forth. Make this 10 minutes, if you can.

Captain BUESENER. Yes, sir, I will be happy to limit myself to 10 minutes.

It is again my pleasure to be here. I have appeared before you before, and I would like to say that the Naval reservists, to give you a little report, are proving themselves a very effective part of our defense posture, and a very cost-effective buy.

What is perhaps not known, but I would like to say for the record, is that, last year, Naval reservists participated in the salvage operations in the *Challenger* tragedy. Naval reservists were aboard the carriers off Libya, and provided the only combat SAR capability in the U.S. Navy during that operation.

Combat pilots like to refer to the combat SAR as their catastophic insurance policy. We were glad to be there, and they were glad to have us.

And in my view, that's the way the Reserve total force ought to work.

OPERATIONS AGAINST SOVIET SUBMARINE THREAT

Continuing our ASW capability, our VP long-range maritime air operated daily against the Soviet submarine threat. We don't ask for trainers to train these people. Your counterpart in Politboro provides the trainers for them. The Russians build them and they deploy them off our coasts, and our reservists go out and find them.

Our contributions in that area equated to over two squadrons worth of active duty, fulltime squadrons. And pilot training costs alone, on an annual basis, that's a cost saving of over $16 million, just for the pilots involved in this situation.

The Naval Reserve has always been a strong advocate of a capable and properly equipped Naval Reserve force.

NEW EQUIPMENT REQUIREMENTS

The key to all this contributory support, and our readiness and our capability, is new equipment. This year we are vitally concerned, because, as we view the record, the previous year's support is starting to wane in the budget submission.

For example, in this year's budget, the Naval Reserve section and the P1R display, for aviation procurement, is down to about $89 million.

The previous year it was over $239 million.

I would like to point out that this is a dangerous trend. And we have some suggestions in our printed testimony that I would like to submit for the record that goes into detail relative to our concerns and to our proposed solution to some of these problems.

But it is important that we sustain the modernization effort. Because, in the high tech world where we're fighting today, adequate equipment is absolutely essential, more essential, I hate to say, than the dedicated patriotism and experience and training of the individual reservists.

You just can't fight a tiger with a popgun, and we have to recognize that fact.

FORCE MODERNIZATION

Out of $2.1 billion in Reserve force modernization equipment in this budget, the Naval Reserve overall—and I'm talking about the submitted budget—has less than $150 million.

In 1989, out of $2.5 billion submitted, the Naval Reserve has about the same figure.

We feel that this is inadequate to keep our force levels competent, capable and modernized.

On the House side earlier this month, there was an initiative in the House Armed Services Committee to provide add-ons for the Reserve forces. Approximately $596 million was added on.

Significantly to us, not one dollar was added on for the Naval Reserve.

We would ask your consideration that we keep going the fine past performance of keeping our forces capable.

P-3 AIRCRAFT PROCUREMENT

Our primary concern is the continued procurement of the P-3 airplane, only because, unless this procurement is continued, in the early 1990's, because of the massive loss of aircraft that were purchased in the late 1950's and early 1960's, the Naval Reserve force will probably lose a good deal of its Reserve maritime force structure.

Five to nine squadrons are in serious jeopardy. If there were another alternative in the marketplace, if there were another alternative that was seriously down the procurement line, we would not be as concerned as we are today.

But the fact of the matter is that there isn't any organized plan, at this point in time, that can provide aircraft in timely fashion, and also in the numbers required, to retain the force structure that we currently have.

I would point out that the Naval Reserve's VP force constitutes 35 percent of this Nation's capability in long-range ASW warfare.

We can look forward, unless we do something now, to losing 5 to 9 of the 13 squadrons in that force. These people are the most experienced anti-submarine warfare people in the world. And to throw them out on the street, and to waste that talent and experience, is certainly not, in our view, the prudent way to go.

Our proposal, of course, is to continue what we did last year, when add-ons for the P-3 procurement were both funded and authorized, so that we can have a viable alternative in the next year-and-a-half until we get our act together relative to the replacement for these aircraft, and make a determination on what the total cost will be for these aircraft, and whether in fact it is affordable in the mid-1990's.

But simply to stand by and watch these things atrophy and die is not the way to go.

GI BILL

I would ask also that we give consideration to continuing the GI bill. That, in our view, has provided, particularly in the enlisted ranks—and that's the backbone of this service—it has attracted the type of people that we can train.

It has attracted the type of people that we don't have to retrain every month. They retain enough so you can progress through the training cycle. And they are the type of people that are going to give us the readiness that we absolutely need.

ASW COVERAGE IN GULF OF ALASKA

I would say one more thing to Senator Stevens. Having flown out of Adak and flown out of Kodiak before the earthquake and the tidal wave, in most cases in the ASW world, the only ASW coverage in the Gulf of Alaska, particularly in the winter—and having been there for several years, it's bad weather—that's provided by long-range VP maritime air.

It's essential. More essential now than it ever has been. The threat of the Soviet submarine force is growing in numbers, complexity and intensity on a daily basis. And quite frankly in our view, we don't really have an adequate handle on it.

I thank you for your time, and I would be happy to answer any questions you may have.

[The prepared statement of Captain Buesener follows:]

STATEMENT BY
CAPT CHARLES A. BUESENER, USNR (RET)
DIRECTOR OF LEGISLATION
OF THE
NAVAL RESERVE ASSOCIATION

MR. CHAIRMAN, DISTINGUISHED MEMBERS OF THE COMMITTEE, IT IS A PRIVILEGE TO HAVE THIS OPPORTUNITY TO PRESENT THE VIEWS OF THE NAVAL RESERVE ASSOCIATION TO THE COMMITTEE FOR YOUR CONSIDERATION.

THE NAVAL RESERVE ASSOCIATION WILL CONTINUE TO SUPPORT THE MODERNIZATION OF THE NAVAL RESERVE IN THIS YEAR'S LEGISLATIVE PROCESS. THIS YEAR MARKS THE FIRST TIME THAT A TWO-YEAR DEFENSE BUDGET HAS BEEN SUBMITTED BY THE DEPARTMENT OF DEFENSE. IN A SENSE THIS MAKES THE INTERACTION OF THE DEPARTMENT OF DEFENSE AND THE CONGRESS MORE CRITICAL BECAUSE THEORETICALLY ONCE AN INITIATIVE OR PROGRAM IS APPROVED BY BOTH ARMED SERVICES COMMITTEES IT HAS A TWO-YEAR CONTRACT SO TO SPEAK. WHILE THIS PROCEDURE HAS A STABILIZING EFFECT, IT ALSO HAS A DARK SIDE FOR THOSE PROGRAMS OR INITIATIVES THAT ARE NOT AUTHORIZED, IN THAT IT WILL BE TWO YEARS BEFORE THOSE ISSUES CAN BE REVISITED.

IT IS IMPORTANT TO REMEMBER, HOWEVER, THAT THE TWO YEAR BUDGET CYCLE ONLY APPLIES TO THE AUTHORIZATION PROCESS. THE APPROPRIATION COMMITTEES REMAIN ON A ONE YEAR CYCLE.

In the view of the NRA the two-year authorization makes the successful prosecution of Naval Reserve Force modernization issues much more important then ever before.

For example, failure to fund an aircraft structural service change for the Reserve FA/18's (a real case in this budget submission) means that a structural defect which is existent today can not be authorized until the FY 90-91 budget cycle. Adding to this delay an additional 12-18 months for production and installation the fix will not be in the Reserve Force FA/18's until mid CY 92 or five years from now. The Naval Reserve Association will address this and other similar issues during this year's legislative cycle.

As we complete the decade of the 80's it is well for us to remember how far the Naval Reserve has progressed in terms of capability, force size and importance. Today the Naval Reserve is an vital segment of the total Navy responsibility.

Secretary of Defense Caspar Weinberger in his FY 1988 posture statement reaffirmed the absolute necessity for both a strong Navy and effective Naval Reserve when he stated:

> "As an island nation and senior partner in a global alliance system, the United States needs strong naval forces to support its maritime strategy. In peacetime and in crisis, the maritime strategy supports our foreign policy by maintaining ready and capable forces in forward locations. Such deployments help keep the peace by maintaining U.S. access to key regions, while demonstrating our commitment to preserving stable regional balances. U.S. naval forces stand ready to protect our citizens and friends overseas, whether it be against the threat of terrorism or Communist subversion.
>
> "In a major war, naval forces would play a crucial role in our overall defense effort. Their primary tasks would include keeping key sea-lanes open, supporting air and ground operations on the flanks of NATO and elsewhere on the Eurasian littoral, and taking the initiative against weak

POINTS IN THE SOVIET MILITARY STRUCTURE. WE BELIEVE OUR PROSPECTS FOR TERMINATING A MAJOR CONFLICT WITH THE SOVIET UNION ON TERMS FAVORABLE TO THE WEST ARE SUBSTANTIALLY IMPROVED IF THE SOVIETS ARE FORCED TO FIGHT FROM A DEFENSIVE POSTURE. FOR THIS REASON, THE MARITIME STRATEGY EMPHASIZES AN ABILITY TO CONDUCT OFFENSIVE OPERATIONS WITH QUALITATIVELY SUPERIOR FORCES.

"THE TASK OF MAINTAINING TECHNOLOGICAL SUPERIORITY HAS BEEN MADE ALL THE MORE DIFFICULT BY THE DRAMATIC IMPROVEMENTS IN SOVIET CAPABILITIES IN RECENT YEARS. THIS TREND IS PARTICULARLY EVIDENT IN THE SOVIET SUBMARINE FORCE. NEW SUBMARINE CLASSES -- SUCH AS THE TYPHOON, OSCARE, AKULA, MIKE, SIERRA -- REPRESENT SIGNIFICANT ADVANCES IN QUIETING, SPEED, WEAPONS CAPACITY, AND RESISTANCE TO BOMBERS, INTRODUCTION OF NEW GENERATIONS OF SURFACE COMBATANTS, AND DEPLOYMENT OF IMPROVED ANTISHIP WEAPONS POSE FURTHER SERIOUS THREATS TO OUR NAVAL FORCES.

"BEYOND THESE IMPROVEMENTS IN WARFIGHTING CAPABILITY, THE SOVIETS HAVE SIGNIFICANTLY EXTENDED THE REACH OF THEIR NAVAL FORCES. THEIR NAVY HAS BECOME A TRUE "BLUE-WATER" FORCE, ABLE TO SUSTAIN OPERATIONS IN DISTANT WATERS. THERE HAS BEEN A TREND TOWARD LARGER SHIPS WITH GREATER STEAMING RANGES. THE NUMBER OF NUCLEAR-POWERED SUBMARINES HAS STEADILY GROWN, ENABLING A LARGER FORCE TO STAY ON PATROL FOR EXTENDED PERIODS. AND THE SOVIETS HAVE BUILT A MERCHANT FLEET AND A NETWORK OF OVERSEAS BASES TO PROVIDE LOGISTICS SUPPORT FOR THEIR FAR-EXPANSION OF NAVAL FORCES TO MEET THEIR GLOBAL COMMITMENTS."

SECRETARY WEINBERGER FURTHER STRESSED THE IMPORTANCE OF THE NAVAL RESERVE IN THE EXECUTION OF OUR NATION'S MARITIME STRATEGIES WHEN HE STATED:

"TO OPERATE THE EXPANDED FLEET WITHIN THE CONSTRAINTS PLACED ON ACTIVE MANPOWER LEVELS, THE NAVY HAS ENLARGED THE ROLES OF THE NAVAL RESERVE FORCE (NRF) AND THE MILITARY SEALIFT COMMAND (MSC). THE RESERVE FORCES ARE ASSUMING AN IMPORTANT ROLE IN MANNING OF THE NAVY'S NEWEST FRIGATES AND MINE WARFARE SHIPS. BY THE END OF FY 1986, THE NAVY HAD TRANSFERRED 15 MODERN FRIGATES OF THE FFG-7 AND FF-1052 CLASSES FROM THE ACTIVE FORCE TO THE NRF, AND IT PLANS TO TURN OVER 11 MORE BY THE END OF FY 1990. EVENTUALLY, ALL OF OUR NEW MCM-1 AND MHC-1 MINESWEEPERS WILL BE ASSIGNED TO THE NRF. THE MSW, WHICH OPERATES SELECTED NAVAL AUXILIARIES WITH CIVILIAN CREWS, HAS ASSUMED A SIGNIFICANT ROLE IN MANNING OF THE NAVY'S GROWING FLEET OF SUPPORT SHIPS.

"BESIDES MANNING AN INCREASING NUMBER OF SHIPS, THE NRF FLIES MANY OF THE NAVY'S ANTISUBMARINE WARFARE AND MINESWEEPING AIRCRAFT."

SECRETARY WEINBERGER AS WELL AS OTHER LEADERS UNEQUIVOCALLY DEPICTS A NAVAL RESERVE AS A SIGNIFICANT AND INCREASINGLY IMPORTANT PART OF OUR NATIONAL DEFENSE POSTURE.

THE 80'S HAVE REFLECTED THIS INCREASING ROLE BY ASSIGNING INCREASING MISSIONS TO THE NAVAL RESERVE AND BY BEGINNING AN EQUIPMENT MODERNIZATION EFFORT DESIGNED TO PROVIDE THE NAVAL RESERVE WITH THE HARDWARE NECESSARY TO FULFILL ITS MISSION TASKING.

ADMIRAL C. A. H. TROST, U.S. NAVY, CHIEF OF NAVAL OPERATIONS, IN HIS POSTURE AND FISCAL YEAR 1988-1989 BUDGET STATEMENT DISCUSSED TOTAL FORCE INTEGRATION AND NAVAL RESERVE ROLES AND REQUIREMENTS AS FOLLOWS:

"THE MAIN OBJECTIVE BEHIND THE MANAGEMENT OF THE NAVAL RESERVE IS THE LOGICAL AND EFFICIENT STRENGTHENING OF THE NAVY'S WARFIGHTING CAPACITY THROUGH A PROCESS OF HORIZONTAL INTEGRATION. HAVING DETERMINED THE EXTENT OF THE RESERVE REQUIREMENTS, WE THEN EQUIP THEM WITH FRONT LINE WEAPONRY AND INTEGRATE THESE UNITS INTO FLEET OPERATIONS, TACTICAL TRAINING, AND WAR PLANNING. THIS INTEGRATION PROCESS HAS CONTINUED IN ALL FACETS OF THE NAVAL RESERVE. IN THE SURFACE RESERVE FORCE WE ARE WITNESSING AN EXPANSION IN NUMBER OF "STATE OF THE ART" SHIPS MANNED BY MIXED ACTIVE AND RESERVE CREWS. BY THE END OF THIS YEAR, RESERVE PERSONNEL WILL OPERATE SEVEN KNOX CLASS FRIGATES AND 12 OLIVER HAZARD PERRY CLASS GUIDED MISSILE FRIGATES, AN INCREASE OF EIGHT SHIPS IN JUST TWO YEARS. SHIP REINFORCEMENT UNITS CONDUCT ALL THEIR ASHORE TRAINING WITH THE SAME DOCTRINES, MANUALS, AND PHILOSOPHY OF THEIR PARENT COMMAND, ENSURING THEIR IMMEDIATE UTILITY DURING WARTIME MOBILIZATION.

"THE NAVAL AIR RESERVE FORCE INCLUDES TWO FULLY QUALIFIED OPERATIONAL CARRIER AIR WINGS. THESE AIR WINGS ARE COMPLETING A MODERNIZATION PROGRAM

TO MATCH THEIR CAPABILITIES WITH THE COMBAT CAPABILITY OF AN ACTIVE AIR WING BY 1991. THIRTEEN SQUADRONS IN THE TWO NAVAL RESERVE PATROL AIRWINGS ROUTINELY SUBSTITUTE FOR ACTIVE FORCE SQUADRONS AT OVERSEAS DEPLOYMENT SITES WHILE PERFORMING THEIR ANNUAL ACTIVE DUTY FOR TRAINING. IN RECENT YEARS, THESE SQUADRONS HAVE DEPLOYED TO WESTERN PACIFIC AND EASTERN ATLANTIC OPERATING AREAS TO PROVIDE FLEET SUPPORT AND GAIN REALISTIC TRAINING BY TRACKING DEPLOYED SOVIET SUBMARINES. THEY AND TWO NAVAL RESERVE AIRBORNE EARLY WARNING SQUADRONS FLYING E-2C AIRCRAFT HAVE ALSO BEEN CALLED UPON TO PROVIDE EXTENSIVE DRUG INTERDICTION SERVICES. VITAL RESERVE PARTICIPATION WAS SHOWN IN SERVICE WITH THE SIXTH FLEET DURING THE LIBYAN ACTION LAST SPRING, AS RESERVISTS MANNED NAVY'S ONLY COMBAT SEARCH AND RESCUE HELICOPTER SQUADRON.

"THE NAVAL RESERVE HAS ASSUMED A MORE ACTIVE ROLE WITH THE COAST GUARD UNDER THE MARITIME DEFENSE ZONE CONCEPT. THE ENTIRE INSHORE UNDERSEA WARFARE CAPABILITY OF THE NAVY NOW CONSISTS OF TWO RESERVE GROUPS AND 18 NAVAL RESERVE MOBILE UNITS. THESE UNITS OPERATE ELECTRONIC SURVEILLANCE VANS CONTAINING RADAR, SONOBUOY PROCESSORS, AND COMMUNICATIONS SYSTEMS SUPPORTING THE MISSION OF COASTAL SURVEILLANCE, ALTHOUGH THEY MAY BE DEPLOYED TO ANY CHOKEPOINT, INCLUDING AMPHIBIOUS OBJECTIVE AREAS. THEY HAVE PARTICIPATED IN AN IMPRESSIVE LIST OF EXERCISES WORLDWIDE AND MEET A VIGOROUS SCHEDULE OF MUTUAL SUPPORT AS A BY-PRODUCT OF MOBILIZATION TRAINING EACH YEAR, INCLUDING REQUESTS FOR DRUG INTERDICTION ASSISTANCE.

"RESERVE TRAINING HAS BEEN ENHANCED WITH THE OPENING OF OPERATIONAL TECHNICAL TRAINING FACILITIES TO THE RESERVE. FLEET TRAINING CENTERS ARE BEING REINFORCED WITH ADDITIONAL TRAINING AND ADMINISTRATION OF RESERVES (TAR) ENLISTED INSTRUCTORS TO ACCOMMODATE THE 40,000 RESERVE STUDENT QUOTA INCREASE SINCE 1984.

"THE NAVAL RESERVE FORCE, IN CONCEPT AND EXECUTION, EPITOMIZES COST-EFFECTIVE MANAGEMENT. THE ENTIRE RESERVE FORCE IS STRUCTURED TO PROVIDE THOSE CRUCIAL SERVICES THE ACTIVE FORCES REQUIRE IN THE TRANSITION TO WAR. THROUGH MEANINGFUL TRAINING, ADVANCED EQUIPMENT, AND THOROUGH INTEGRATION, RESERVES PERFORM THESE MANDATORY WARTIME FUNCTIONS PROFESSIONALLY -- AND PROVIDE, IN PEACETIME, RELIEF FOR ACTIVE DUTY PERSONNEL."

Clearly for the Naval Reserve Force to continue its vital role in National Defense, equipment modernization must continue. This modernization consists of two major and, I might be added, equally important elements. First, new equipment must continue to be procured and assigned to the Naval Reserve. Secondly, existing equipment assigned to the Naval Reserve Force must be continually upgraded so that the ability of this older equipment to cope and overcome the Soviet threat is maintained.

This is particularly true in the area of ASW, as constant qualitative improvements in the Soviet submarine force is a major and increasingly successful objective of the Soviets. Secretary of the Navy John F. Lehman, Jr. in his FY 88-89 posture statement defined the ASW problem quite accurately when he stated:

"The rapid advances in Soviet submarine quieting require continued vigorous effort to upgrade our ASW technology and tactics. Fundamental to the process of the maritime strategy is our maintenance of a robust ASW posture. ASW is an essential warfighting capability which must integrate submarines, ships, airplanes, surveillance, and space systems. These platforms do not operate in isolation; rather, their individual efforts are interrelated and interdependent. We must optimize the capabilities of our ASW "system" within the constraints of fiscal reason, rather than optimizing only individual unit capabilities. Advances in Soviet submarine technology will only reinforce this imperative; success in our future ASW effort requires development of mutually supportive forces with requisite command and control capabilities.

"Submarine quieting drives the threat. We must push forward with our ASW initiatives, get them to sea, then refine them through block upgrades and improvements. Technological breakthroughs alone will not provide the answer; hard work and incremental improvements will continue to be necessary to stay ahead of the threat. To that end we have exhaustively studied our developmental ASW programs, illuminating the tough choices and providing a clear course to continued ASW superiority. The result of this extensive

EFFORT IS A DEFINITIVE ASW MASTER PLAN AND INVESTMENT STRATEGY, NOW IN THE FINAL STAGES OF PREPARATION, WHICH WILL BE PRESENTED TO THE COMMITTEE AS REQUESTED ON 1 APRIL AND WILL PROVIDE THE FRAMEWORK AND PRIORITIES FOR AN INTEGRATED EFFORT TO MAINTAIN OUR ASW MARGIN OF SUPERIORITY."

THE FOREGOING ASSESSMENTS BY THE SECRETARY OF DEFENSE, SECRETARY OF THE NAVY AND THE CHIEF OF NAVAL OPERATIONS CLEARLY INDICATE THE FUTURE COURSE OF THE NAVAL RESERVE. FIRST THE SOVIET THREAT IS STRONG AND GROWING IN NUMBERS AND CAPABILITY PARTICULARLY THE SOVIET SUBMARINE FORCE. SECONDLY, THE NAVAL RESERVE IS PROVIDING INCREASING LEVELS OF PEACE TIME OPERATIONAL COMMITMENTS TO THE ACTIVE NAVY AS MORE MODERN AND CAPABLE EQUIPMENT IS ASSIGNED TO THE NAVAL RESERVE AND THIRDLY, CONTINUED RESERVE FORCE MODERNIZATION MUST CONTINUE NOT ONLY BY INTRODUCTION OF NEWLY PROCURED EQUIPMENT INTO THE RESERVES BUT ALSO BY CONSTANT UPGRADING OF OLDER EQUIPMENT ASSIGNED TO THE RESERVE FORCES.

THE NAVAL RESERVE ASSOCIATION LEGISLATIVE AGENDA HAS BEEN DEVELOPED BY EXAMINING HOW WELL OR POORLY THIS YEAR'S DEPARTMENT OF DEFENSE BUDGET SUBMISSION SATISFIES THESE FOREGOING IMPERATIVES.

BEFORE THE SPECIFICS OF THE FY-88/FY-89 BUDGET ARE DISCUSSED IT IS WELL TO REMEMBER THAT MUCH OF OUR CURRENT RESERVE FORCE EQUIPMENT HAS BEEN PROVIDED AS A DIRECT RESULT OF CONGRESSIONAL SUPPORT. THAT IS TO SAY, CONGRESSIONAL INTERVENTION IN THE FORM OF "ADD-ONS" FOR NAVAL RESERVE EQUIPMENT HAS RESULTED IN SIGNIFICANT INCREASES IN NAVAL RESERVE FORCE CAPABILITY.

THESE INCREASES HAVE ADDRESSED THE BROAD SPECTRUM OF RESERVE DEFICIENCIES RANGING IN SCOPE FROM OUTFITTING NAVAL RESERVE CONSTRUCTION BATTALIONS TO PROVIDING F-14'S FOR NAS DALLAS, INCREASED PROCUREMENT OF E-2C, A-6E, FA/18, S-H2 LAMPS I AND P-3C AIRCRAFT, AS WELL AS, SIGNAL PROCESSORS AND TOWED ARRAYS FOR THE NAVAL RESERVE FORCE FRIGATES. THE LESSON TO BE LEARNED HERE IS THAT WITHOUT CONGRESSIONAL SUPPORT NAVAL RESERVE MODERNIZATION WOULD BE FAR BEHIND WHERE IT IS TODAY. IN VIEW OF THE ABOVE IT SHOULD NOT BE SURPRISING THAT THE FY-88/FY-89 DEPARTMENT OF DEFENSE BUDGET HAS SERIOUSLY NEGLECTED NAVAL RESERVE MODERNIZATION.

Specific issues will be discussed later in this update, however, by way of preamble a quick comparative look at the "bottom line" numbers is important. The Naval Reserve aircraft procurement account comparison is as follows (all figures are in millions of dollars):

	FY 86	FY 87	FY 88	FY 89
Naval Reserve	332.8*	234.4*	89.1	95.6

*Reflects Congressional add-ons

Comparing total Reserve component equipment procurement including National Guard the FY-88/FY-89 figures are as follows:

	FY 88	FY 89
Navy Reserve	148.5	163.5
DoD Reserve Total	2,190	2,519

Speaking in terms of Naval Reserve procurement as compared to total Navy procurement, not including the Marine Corps, the figures are as follows:

	FY 88	FY 89
Naval Reserve	142.5	163.5
Total Navy	32,476	36,539

It is not surprising that critical deficiencies exist in this Department of Defense budget submission which seriously affect Naval Reserve Force modernization and capability. The Naval Reserve Association will address these issues both here and before the appropriate Congressional Committees. The major Naval Reserve legislative agenda follows.

- Anti-Submarine Warfare
  - P-3C procurement

  - SH-2 LAMPS MK I weapon system improvement
  - FF Integrated Shipboard Tactical System
- o Reserve Tactical Air Wings and Combat Search and Rescue
- o Military Construction Naval Reserve
- o Operations and Maintenance Naval Reserve
- o MCM/MHC/COOP
- o ARAPAHO
- o Reserve Personnel

Reserve Maritime Patrol (VP) Squadrons

The single most important issue facing the Naval Reserve today is the continued existence of the Naval Reserve long range maritime patrol squadrons.

Long the main stay of the Naval Air Reserve and, because of their continued significant contribution to peacetime active Navy operational commitments, a prime example of the cost effectiveness and capability of Reserve aviation squadrons, most of these squadrons face extinction if the FY 88/FY 89 budget is not amended.

The 13 Reserve VP squadrons comprise 35% of the total Navy force. Located throughout the United States (see fig. 1) these squadrons comprise the largest single segment of the Naval Air Reserve.

Figure 1

Squadron	Location	Squadron	Location
VP-60	Glenview, IL	VP-67	Memphis, TN
VP-90	Glenview, IL	VP-68	NAF Wash, MD
VP-62	Jacksonville, FL	VP-69	Whidbey Island, WA
VP-64	Willow Grove, PA	VP-91	Moffet, CA
VP-66	Willow Grove, PA	VP-92	S. Weymouth, MA
VP-65	Pt. Mugu, CA	VP-93	Detroit, MI
		VP-94	New Orleans, LA

Each squadron contains some 81 officers and 340 enlisted reservists and provides 15 combat aircrews. Considering their experience and training gained on both active duty and in the Naval Reserve, they constitute the most experienced ASW force in the world.

Unless current procurement proposals in DoD FY 88/FY 89 budget are amended, nine of the thirteen Reserve VP squadrons will not have any P-3 aircraft by 1995.

The most significant loss by far is the loss of the 135 VP aircrews and 3,789 officers and men currently assigned to these 9 Reserve Force squadrons. They constitute the most experienced ASW force in the world (see Liberty Bell VP crew profile). They also represent a tremendous taxpayer investment in training and experience. With pilot initial training costs at $1 million and P-3 flight hour cost at $1,300/flt. hr. the cost of replacing LCDR Michelsen the Patrol Plane Commander alone is $7,850,000.

In order to comprehend how a disaster of such magnitude could occur simultaneously

o with continued growth and capability of Soviet submarine forces,

o with increased reliance on the Reserve Force and modernization of Reserve Force equipment,

o with projected military age manpower pools reaching their lowest levels in the mid 90's,

a brief review of the entire issue is necessary.

Aircraft Requirements

The total (active/reserve) Maritime Patrol Force consists of 24 active and 13 Reserve squadrons equipped with nine operating P-3 series aircraft per squadron. Additional P-3 aircraft are required for fleet replacement squadrons, RDT&E, AND ATTRITION LOSS AIRCRAFT. THE TOTAL P-3 REQUIREMENT THEN IS AT 438 AIRCRAFT AND OF THAT NUMBER 216 ARE IN ACTIVE OPERATIONAL SQUADRONS AND 117 ARE IN RESERVE OPERATIONAL SQUADRONS.

AIRCRAFT INVENTORY

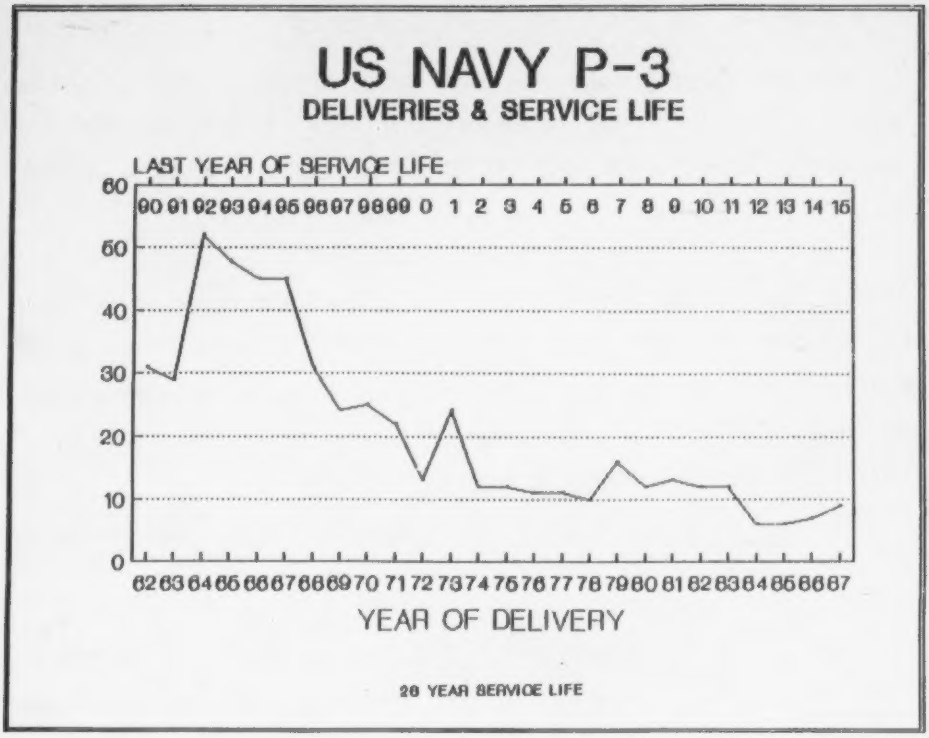
WHEN CONSIDERING AIRCRAFT INVENTORY IT IS NECESSARY TO EXAMINE NOT ONLY THE NUMBERS OF AIRCRAFT BUT ALSO THE PROFILE OF THOSE TOTAL NUMBERS OF AIRCRAFT. THIS PROFILE IS ESSENTIALLY DETERMINED BY THE YEARLY ACQUISITION RATES OVER THE PROJECTED LIFE OF THE AIRCRAFT.

IN THE CASE OF THE P-3 INVENTORY, ANALYSIS CLEARLY INDICATES THE CAUSE OF THE CURRENT P-3 INVENTORY PROBLEM.

THE P-3 SERIES AIRCRAFT HAS A DESIGN LIFE OF 28 YEARS. WITH THIS AS A GIVEN AND A TOTAL FORCE REQUIREMENT OF 438 AIRCRAFT AN ANNUAL ACQUISITION RATE OF APPROXIMATELY 15 AIRCRAFT PER YEAR IS NOMINALLY REQUIRED. UNFORTUNATELY P-3 PROCUREMENT HAS VARIED WIDELY OVER THE LAST 28 YEARS CREATING PEAKS AND VALLEYS IN THIS PROFILE. FOR EXAMPLE, IN THE YEARS 1964-1967 SOME 190 P-3'S WERE DELIVERED TO THE NAVY WHILE IN THE YEARS 1983-1986 ONLY 31 P-3 AIRCRAFT WERE DELIVERED. IN FACT DURING THE TWENTY YEAR SPAN COVERING 1967-1987 P-3 YEARLY PRODUCTION HAS VARIED BETWEEN A HIGH OF 52 AIRCRAFT TO A LOW OF 6 AIRCRAFT.

FIG. 2 DEPICTS THIS ERRATIC PROCUREMENT PROFILE AND ALSO INDICATES THE MAGNITUDE OF THE PROBLEM FACING THE RESERVE FORCE SQUADRONS IN THE MID 90'S. THE CALENDAR YEAR DEPICTED ACROSS THE TOP OF THE CHART INDICATES THE YEAR IN WHICH THOSE AIRCRAFT REACH THE END OF THEIR SERVICE LIFE.

FIGURE 2



The 13 Reserve Force squadrons are currently equipped with P-3A/B aircraft. Recent Congressional action has directed that 10 P-3C UD III aircraft from FY 86 and FY 87 production be assigned to the Reserve Force. When this action is complete the Reserve Force VP will have one P-3C UD III squadron and twelve P-3A/B squadrons. The active fleet has two remaining P-3B squadrons and twenty-two P-3C squadrons.

The Problem

A cursory look at current 1987 P-3 inventory has caused some to say there are lots of P-3's around therefore we don't need to continue procurement. This simplistic approach ignores the large inventory loss occurring in the 1992-1995 time period when all the P-3A and P-3B (a total of 137 aircraft) reach the end of their service life. And further ignores the loss of additional 71 early P-3C's by the end 1999. The total P-3 loss becomes approximately 200 aircraft in the 1992-1999 period.

The Wrong Acquisition Plan

The current DoD P-3 acquisition plan proposes to terminate P-3C production with FY 87 procurement and to procure a total of 125 P-3G aircraft with procurement funding planned for FY 91 and scheduled delivery to being in 1993. The first squadron will come on line in early 1995.

This later date is important since that is the first date that the older P-3C aircraft can migrate to the Reserve community. At that point in time 137 P-3A/B aircraft have been lost to the inventory and only 54 new aircraft have been added. The net, a negative 83 aircraft, equate to the loss of 9 of the 13 Reserve P-3 squadrons currently in the force.

The Impossible Aircraft

The successor to the P-3C has been mandated as the P-3G. The P-3G by definition is a P-3C airframe with the next generation of ASW avionics (note the UD IV development contract has yet to be signed). The P-3G procurement contract would be awarded on the basis of a competitive bid and 125 aircraft would be acquired beginning in CY 1993 and continuing through CY 1998.

Unfortunately this approach did not prove to be feasible for the following reasons.

In the development of the draft RFP it became obvious that the P-3G should among other things have an larger bomb bay and state of the art cockpit instrumentation navigation and communication systems. Significant engine changes were also included.

As a result of these necessary improvements, the P-3G is heavier, larger and more expensive than the current production P-3C. It is in fact a new aircraft. The draft RFP generated only two responses from industry. One contained an offer to produce an aircraft in compliance with the stated specifications using a modified P-3C airframe. The other response essentially offered as a substitute an off-the-shelf modified commercial airliner with UD IV avionics.

Since this latter offer did not meet the Draft RFP requirements it must be considered a non-bid.

The Naval Reserve Association understands that currently the Department of the Navy is rewriting the draft RFP to specify airframes currently available in the commercial market as acceptable candidates for P-3C replacement.

The Naval Reserve Association in no way intends to denigrate the efforts to modernize the VP force. In fact as NRA's record shows NRA has been, over the past ten years, perhaps the strongest advocate of such initiatives. NRA has urged early action in this area to avoid a "crisis management" situation.

The Naval Reserve Association believes that a "crisis management" stage now exists. Earlier in this paper it has been demonstrated that the critical nature of the acquisition process to avoid the loss of up to 9 Reserve Force VP squadrons. In NRA's view the recent turmoil in P-3G acquisition will delay even further the procurement schedule thus placing the Reserve VP force structure in extreme jeopardy. More importantly, even if the planned acquisition schedule is maintained, only 125 new aircraft will be procured to offset a 208 aircraft inventory loss.

Recommendation

The Naval Reserve Association believes that continued production of P-3C UD III in FY 88 and FY 89 is the only prudent option available. This approach will:

a) Continue force modernization,

b) Provide the inventory required to meet Reserve Force aircraft inventories in the 90's and,

c) Provide time to develop a long-range VP modernization plan without the risks inherent in a "crisis management" atmosphere.

The CNO has stated, "My principal warfighting concern is ASW because of the continued advance in the quality of the adversaries sub force".

The Naval Reserve Association believes that actions to terminate P-3C procurement now in favor of an ill defined acquisition plan of unknown cost and which fails to satisfy total inventory losses is both premature and unnecessarily risky.

SH-2 LAMPS MKI Weapon System Improvement

The Naval Reserve has seen continued growth and modernization of both the Naval Reserve frigate force and the SH-2 LAMPS MKI helicopter squadrons. Currently the Naval Air Reserve has three HSL LAMPS squadrons. All of these squadrons have attained C-2 readiness rapidly after introduction of the SH-2 LAMPS MKI helicopter into the Reserve Force.

Continued modernization of the Naval Reserve Force frigates, including SSQ-89 acoustic suites for the FFG-7's and integrated CIC and ASW sensor improvements for the FF-1052's, has enabled the LAMPS community to become a cost effective and highly capable ASW asset.

In early 1986 the Navy recommended to Congress SH-2 helicopter improvements designed to increase both the effectiveness and reliability of this system. Included in the upgrades are installation of T700 engines, on-board acoustic processing, 99 channel sonobuoy receiver, improved data base, tactical mission computer and aircraft-to-ship data link (see fig. 1). These improvements represent a "Fourfold increase in ASW capability" according to Navy officials. The program was approved and these changes have been incorporated in new production aircraft authorization and funded for the Naval Reserve.

In order to insure timely modernization for the existing inventory of SH-2 aircraft, the Navy in FY 87 initiated a retrofit program with a procurement profile of six upgrade kits per year.

Having initiated this modernization program in FY 87 the Navy in FY 88

REDUCED THE BUY TO TWO KITS AND THE FY 89 BUDGET REQUEST CONTAINS NO FUNDING FOR THIS IMPORTANT MODERNIZATION PROGRAM. THE NAVAL RESERVE ASSOCIATION BELIEVES CONTINUED MODERNIZATION OF THE ALREADY AUSTERE LAMPS ASSETS IS A MATTER OF PRIME URGENCY.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THE ADDITION OF $18 MILLION AND FOUR KITS IN FY 88 AND $26 MILLION AND SIX KITS IN FY 89. FURTHER KIT PROCUREMENT SHOULD CONTINUE UNTIL ALL LAMPS MKI AIRCRAFT ARE MODIFIED.

FF-1052 FRIGATES

BY 1990 THE SURFACE RESERVE FORCE WILL HAVE 26 MODERN FRIGATES ASSIGNED. OF THIS TOTAL EIGHT WILL BE 1052 CLASS FRIGATES. SIGNIFICANT ASW IMPROVEMENTS TO THESE SHIPS HAVE BEEN AUTHORIZED AND FUNDED OVER THE PAST SEVERAL YEARS.

IN THE COURSE OF EVOLUTIONARY MODERNIZATION A SUCCESSION OF MODERN SENSORS HAVE BEEN ADDED TO THE 1052 CLASS SHIPS. WHILE THESE INDIVIDUAL SENSORS HAVE GREATLY ENHANCED THE CAPABILITY OF THE 1052'S THE ABILITY OF THE SHIP TO FULLY EXPLOIT THEIR POTENTIAL HAS NOT BEEN DEVELOPED DUE TO A "STONE AGE" CIC.

THUS, WHILE SIGNIFICANT RAW DATA IS AVAILABLE TO SOLVE THE ASW CHALLENGE, IT MUST BE TRANSCRIBED AND DISPLAYED LARGELY BY THE "GREASE PENCIL/SOUND POWER TELEPHONE" TECHNIQUE OF WWII.

VADM METCALF, WHEN HE WAS COMSECONDFLT RECOGNIZED THIS DEFICIENCY WHEN HE STATED "SHIPBOARD ASW INFORMATION PROCESSING DID NOT KEEP PACE WITH SENSOR IMPROVEMENTS AND THREAT CAPABILITIES."

IT IS NOT SURPRISING THAT THE NAVY HAS TAKEN STEPS TO ALLEVIATE THIS PROBLEM WITH THE 1052'S. THE NAVAL UNDERWATER SYSTEMS CENTER WAS TASKED TO PROVIDE A ASW INFORMATION PROCESSING SYSTEM SUITABLE FOR INSTALLATION ON 1052 CLASS SHIPS. THIS TASK WAS ACCOMPLISHED UTILIZING A "RAPID PROTOTYPING" METHODOLOGY BY DESIGNING A SYSTEM BASED ON OFF THE SHELF COMPUTER AND GRAPHICS.

FFISTS, FOR FF INTEGRATED SHIPBOARD TACTICAL SYSTEM WAS DEPLOYED ABOARD USS HAROLD E. HOLT (FF 1074) AND PROVED TO BE A MOST EFFECTIVE ASW BATTLE MANAGEMENT SYSTEM THAT HAS WON QUICK AND STRONG SUPPORT IN THE FLEET.

THE FOLLOWING ARTICLE, CO-AUTHORED BY CDR WILLIAM (COTY) KELLER, USN AND MR. MICHAEL J. PASTORE, COMBAT ENGINEER FOR THE NAVAL UNDERWATER SYSTEMS CENTER, WAS FIRST PRINTED IN THE OCTOBER ISSUE OF THE NAVAL RESERVE ASSOCIATION NEWS AND IS PROVIDED HERE FOR YOUR INFORMATION.

HI TECH FOR AN OLD SHIP USS HAROLD E. HOLT (FF 1074) PUTS FFIST TO WORK

CHALLENGE AND OPPORTUNITY

GETTING HI-TECH HARDWARE INTO THE FLEET IS POTENTIALLY ONE OF THE MOST REWARDING OPPORTUNITIES AVAILABLE IN TODAY'S NAVY. THIS IS ESPECIALLY TRUE WHEN R&D CAN BE DONE SIMULTANEOUSLY WITH OTHERWISE SCHEDULED OPERATION. THUS, NEW SYSTEMS NOT ONLY ARE EVALUATED, BUT IMMEDIATELY CONTRIBUTE TO THE FIGHTING CAPABILITY OF THE SHIP BEING USED FOR THE EVALUATION. THIS MARRIAGE OF COMPUTER SOFTWARE DEVELOPMENT AND FLEET EVALUATION IS CALLED "RAPID PROTOTYPING". AN EXAMPLE OF THIS "RAPID PROTOTYPING" IS PROVIDED IN A TEST OF THE CAPABILITIES OF FFISTS ON USS HAROLD E. HOLT (FF 1074).

FFISTS STANDS FOR FF INTEGRATED SHIPBOARD TACTICAL SYSTEM. IT USES OFF-THE-SHELF HI-TECH COMPUTERS TO COLLATE ASW SENSOR DATA, TACTICAL INFORMATION, AND MISSION PLANNING AIDS INTO ONE SYSTEM FOR THE ASW SHIP. FFISTS PROVIDES REAL-TIME COMBAT SYSTEM ASSESSMENT AND WORKING DECISION AIDS TO ALL LEVELS OF THE ASW TEAM: COMMANDING OFFICER, TACTICAL OFFICER, WATCH SUPERVISORS, AND EQUIPMENT OPERATORS. THE SYSTEM PROVIDES ADVANCED PLANNING TOOLS, COMBAT SYSTEM PERFORMANCE ASSESSMENTS, IN-SITU CAPABILITY TRADE-OFFS, INTEGRATION OF SENSOR WEAPONS STATUS WITH TACTICS, MULTI-USER TMA STATIONS, TACTICAL EVALUATIONS AND COMMAND OVERVIEW ON COLOR DISPLAYS.

THE PROBLEM

HOLT IS TYPICAL OF THE FF 1052 KNOX CLASS FRIGATES WHICH ARE THE CURRENT

WORK HORSES OF THE FLEET'S ASW PLATFORMS. WHILE THERE ARE MORE CAPABLE PLATFORMS COMING INTO THE FLEET, THE NEEDS OF THE 600-SHIP NAVY DICTATE MANY MORE YEARS OF USE FROM THESE 15 TO 18 YEAR OLD SHIPS. THERE ARE SEVERAL ACTIVE AND SEVERAL PASSIVE SONAR SYSTEMS AND ONE OR MORE ESM SYSTEMS ON EACH SHIP. NUMEROUS RADARS AND EXTENSIVE COMMUNICATION EQUIPMENTS PROVIDE CLOSE IN AND OTH INFORMATION FOR ASW AND FOR ASUW. IN ADDITION, THE LAMPS MKI HELO ADDS POTENT CAPABILITY. UNFORTUNATELY, MANY OF THESE SYSTEMS WERE ADDED AFTER THE FINAL SHIP OF THE CLASS WAS LAUNCHED. CONSEQUENTLY, THE SHIP'S COMBAT INFORMATION CENTER (CIC) WAS NOT DESIGNED TO SUPPORT SUCH A MYRIAD OF SOPHISTICATED CAPABILITIES, THUS CREATING A NEED FOR SOMETHING LIKE FFISTS. FRIGATES NEED A STATE OF THE ART WAY OF ASSESSING IN-SITU SENSOR PERFORMANCE AND A MODERN SET OF DISPLAY AND DECISION AIDS IN CIC.

A Fast Solution - FFISTS

WHILE FFISTS DOES MANY THINGS IN MANY WARFARE AREAS, IT WAS DESIGNED TO TAKE CARE OF THE THREE BASIC INFORMATION NEEDS OF THE ASW SKIPPER. THESE ARE:

1. THE ASSESSMENT OF INDIVIDUAL ASW SENSOR CAPABILITY WITH REGARD TO OWN SHIP'S SPEED, COURSE, AND SENSOR DEPTH, TYPE OF TARGET AND TARGET OPERATIONS, AND THE IN-SITU OPERATING ENVIRONMENT.

2. THE TACTICAL PICTURES, I.E., LOCATING DATA ON THE THREAT, OWN FORCES, AND OTHER SHIPPING THAT IS AVAILABLE FROM OFF-BOARD DATA SOURCES AND GEOGRAPHIC CONSIDERATION (LAND MASSES, BOTTOM CONTOURS, ETC.).

3. A DISPLAY OF OTHER TACTICAL CONSIDERATIONS--LIKELY PATROL AREA OF GOOD GUYS AND BAD GUYS, WEAPONS ENVELOPES, PLANNED TRACKS, MINEFIELDS, ETC.

FFISTS IS A TOOL THAT CAN QUICKLY PROVIDE THE COMMANDER THE MEANS TO INTEGRATE THE RESULTS OF THE INFORMATION FROM THESE THREE AREAS, TO EVALUATE THE CONSEQUENCES OF VARIOUS ALTERNATIVE ACTIONS, AND THEN TO EFFECTIVELY EMPLOY THE SHIP'S SENSORS AND WEAPONS TO GET THE JOB DONE.

THE FFISTS COMPONENTS THAT WERE INSTALLED ON HOLT IN ONE WEEK ARE SHOWN IN

Figure 1

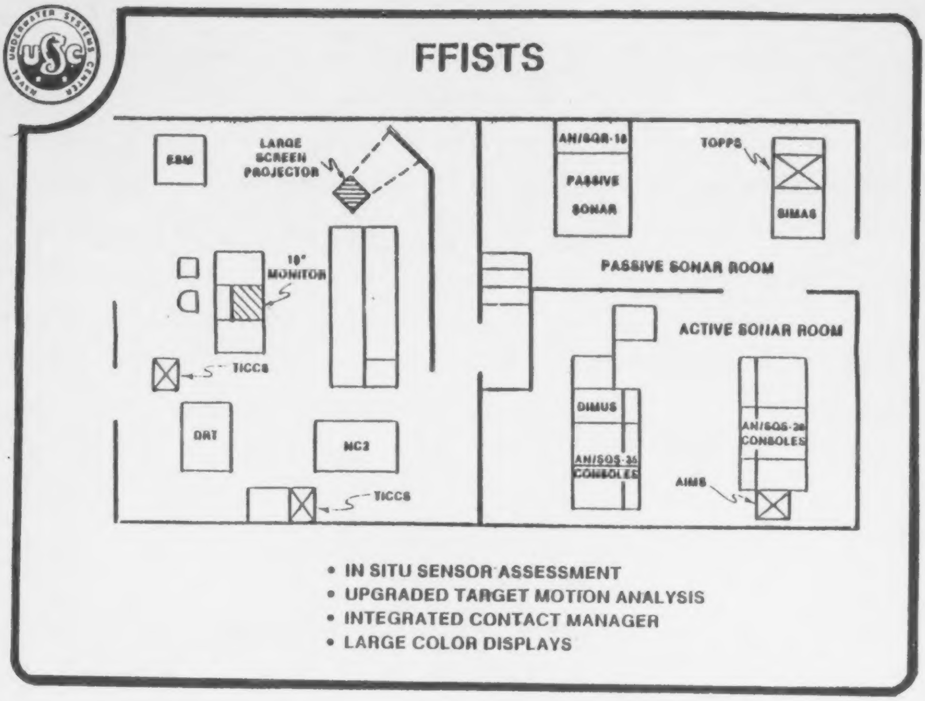

NAVAL UNDERWATER SYSTEMS CENTER
USC
FFISTS
ESM
LARGE SCREEN PROJECTOR
19" MONITOR
TICCS
DRT
MC2
TICCS
AN/SQR-18 PASSIVE SONAR
TOPPS
SIMAS
PASSIVE SONAR ROOM
ACTIVE SONAR ROOM
DIMUS
AN/SQS-26 CONSOLES
AN/SQS-26 CONSOLES
AIMS
• IN SITU SENSOR ASSESSMENT
• UPGRADED TARGET MOTION ANALYSIS
• INTEGRATED CONTACT MANAGER
• LARGE COLOR DISPLAYS

Figure 1. FFISTS has 3 sub-systems: TICCS, TOPPS, and AIMS. In the sonar spaces:

TOPPS-AIMS: A critical part of FFISTS is the assessment of the ASW sensor capability. The Tactical Operator's Performance Prediction System (TOPPS) uses a computer to provide in-situ monitor capability for the AN/SQR-18 passive sonar. TOPPS monitors all search directions in order to assess real-time capability against the threat. The Acoustic Interference Monitor System (AIMS) provides in-situ monitor capability for the ANSQS-26 active sonar. Within the FFISTS system, purpose of TOPPS and AIMS is twofold.

1. To provide the sonar operator with information on the best possible equipment search and tracking line-up possible.

2. To provide predicted sonar ranges that are automatically sent to CIC as a critical input for tactical decision making by the commander.

TICCS: In CIC the Tactical Information Command and Control System (TICCS) uses two computers to receive the OTH locating data, store the operational/tactical information, and perform target motion analysis functions for all contacts. The Contact Manager (CM) computer automatically receives tactical locating data on own forces, background shipping, and threat forces from several communication circuits. The CM operator in CIC adds own ship sensor data to the tactical picture while monitoring the automatic inputs. The commander and CIC personnel can view these results on the large screen display (LSD) projector screen. This geosituation display is simultaneously available to the sonar supervisor and operators on their TOPPS and AIMS computers. The second TICCS watch station in CIC uses the Command Processor (CP), which can overlay operational areas and screening formations. In addition, sonobuoys, including individual buoy information, can be entered and displayed, and TMA on own ship contacts and the resultant tactical position can be entered by the CP operator. Finally, and perhaps most important, the TOPPS and AIMS range prediction results can be overlayed onto the geosituation display to form a real time assessment on the CP computer.

The 19-inch monitor in CIC (shown in figure 1) allows the CO/TAO/Evaluator to select either the TOPPS, AIMS, or CP display as he desires. It can be swiveled 360 degrees for optimum viewing at any CIC station.

The information provided by each of these information sets--sensor performance, tactical picture, operational information--is sufficient justification for FFISTS. However, integrated together as they are by FFISTS, the CO and his key watch standers are provided a tactically effective multi-purpose tactical decision making tool! The power of FFISTS was demonstrated during several exercises when USS HAROLD E. HOLT was able to make extended range detections and coordinated searches.

Hi Tech Does It

The ability to pack so much information on one screen is due to the use of off-the-shelf computers and the use of color with high resolution graphics. The

IN-SITU CALCULATION OF SONAR CAPABILITY IS MADE POSSIBLE BY THE LATEST STATE-OF-THE-ART ELECTRONICS INTERFACING THE COMPUTER TO THE SONAR SYSTEM. BY USE OF HIGH TECHNOLOGY INFORMATION PROCESSING SYSTEMS SUCH AS FFISTS THE NAVY CAN UPGRADE OLDER PLATFORMS WITH NEWER SENSORS THAT WILL ALLOW OPERATIONS IN THE TWENTY-FIRST CENTURY.

FFISTS IS AN INEXPENSIVE (450K PER SHIP) FLEET DEVELOPED AND TESTED SYSTEM THAT PROVIDES A QUANTUM GAIN IN ASW EFFECTIVENESS FOR THE 1052 CLASS SHIPS.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION STRONGLY RECOMMENDS THAT FUNDING BE PROVIDED IN FY 88 FOR THE PROCUREMENT AND INSTALLATION OF THIS SYSTEM NOT ONLY ON THE 8 RESERVE 1052 BUT ON THE ENTIRE 1052 CLASS. IT IS OUR UNDERSTANDING THAT THE COSTS FOR THIS INSTALLATION WOULD BE $23-25 MILLION FOR ALL SHIPS.

RESERVE TACTICAL AIR WINGS AND COMBAT SEARCH AND RESCUE

THE NAVAL RESERVE TACTICAL AIR WINGS CONTINUE THE MODERNIZATION PROCESS BEGUN SEVERAL YEARS AGO. CONGRESSIONAL SUPPORT IN TERMS OF INCREASED PROCUREMENT OF A-6E, E-2C, EH6B, FA-18 AND SIGNIFICANT F-14 MODERNIZATION FUNDING HAS GREATLY ACCELERATED THE MODERNIZATION PROCESS. IT IS ESSENTIAL THAT THIS SUPPORT CONTINUES. ALTHOUGH AIRCRAFT PROCUREMENT HAS BEEN SLOWED SOMEWHAT IN THE FY 88 AND FY 89 RESERVE TACTICAL AIR WING MODERNIZATION CONTINUES ESSENTIALLY ON TRACK.

ALTHOUGH NOT STRICTLY SPEAKING A COMPONENT OF ORGANIC AIR WING STRUCTURE, THE COMBAT SEARCH AND RESCUE (CSAR) DETACHMENTS PROVIDE A MOST IMPORTANT CAPABILITY TO AN AIR WING OPERATIONS. CSAR IS REFERRED TO AS THE TAC AIR AIRCREW "CATASTROPHIC INSURANCE POLICY".

THE NAVAL RESERVE ASSOCIATION IS MOST PLEASED TO NOTE THAT THE FY 88/FY 89 BUDGET REQUESTS FUNDING FOR PROCUREMENT OF HH-60 CSAR HELICOPTERS FOR THE NAVAL RESERVE. THIS MODERNIZATION HAS BEEN LONG OVERDUE AND WE URGE CONTINUED CONGRESSIONAL SUPPORT FOR THIS PROGRAM. THE NAVAL RESERVE PROVIDES 100% OF THE

CSAR capability. In fact, a Naval Reserve CSAR detachment took part in last years Libyan operations.

The Naval Reserve Association has identified two deficiencies in the FY 88/FY 89 budget request which will impede Reserve Tactical Air Wing modernizations.

The first is the requirement to upgrade Reserve FA-18's. This upgrade includes wing and fuel cell removal and replacement to perform airframe structural mods. Total cost $2.5 million. The second issue is the unfunded shortages in aircraft support equipment required because of aircraft transitions. Shortages for F-14, A-6E, FA-18, A4M (4th Marine) and P-3C have been identified. These shortages totaling $2.530 million should be addressed in the FY 88/FY 89 budget cycle.

They are critical elements in attaining transition and readiness objectives and with the two year budget cycle will not again be addressed until the FY 90/FY 91 time frame. This delay coupled to required production, delivery and installation times, will effectively postpone arrival of these improvements in the Reserve Force until 1992.

Recommendation

The Naval Reserve Association strongly urges continued support for on-going tactical air procurement. Further, it is suggested that $2.5 million for FA-18 modification kits and $2.530 million for aviation support equipment or required for aircraft transitions also be provided.

Military Construction Naval Reserve

The "bow wave" of Naval Reserve modernization has arrived. New ships, aircraft, simulators, computer based training equipment are but a few of the results of Naval Reserve Force modernization begun several years ago. This modernization program has prospered and in some instances survived due to strong and consistent Congressional support.

ALTHOUGH MODERNIZATION IS FAR FROM COMPLETE, THAT WHICH HAS OCCURRED HAS PRODUCED DRAMATIC RESULTS AND EQUALLY DRAMATIC SAVINGS TO THE TAXPAYER.

NAVAL RESERVE SEA AND AIR UNITS CONTRIBUTE SIGNIFICANTLY TO THE DEFENSE OF OUR NATION.

IN JUST THE PAST YEAR RESERVE DIVERS PARTICIPATED IN THE SHUTTLE CHALLENGER RECOVERY OPERATIONS. THE THIRTEEN RESERVE P-3 LONG RANGE ASW SQUADRONS ARE ROUTINELY DEPLOYED TO THE ATLANTIC AND PACIFIC ASW HOT SPOTS TO AUGMENT FLEET TASKING BY TRACKING DEPLOYED SOVIET SUBMARINES. RESERVE P-3 AND E-2 EARLY WARNING SQUADRONS HAVE PROVIDED EXTENSIVE DRUG INTERDICTION SERVICES. RESERVISTS PROVIDED THE ONLY COMBAT SEARCH AND RESCUE HELICOPTER SQUADRON FROM THE SIXTH FLEET DURING LAST YEAR'S ACTION AGAINST LIBYA.

IN THE 88/89 TIME FRAME RESERVE FORCE CAPABILITIES WILL BE FURTHER IMPROVED WITH ADDITIONAL FRIGATES, AND MINE WARFARE SHIPS BEING ASSIGNED. ON THE AIR SIDE TRANSITIONS TO SEVEN NEW AND MORE CAPABLE AIRCRAFT WILL TAKE PLACE.

IT IS SAID THAT AN ARMY MARCHES ON IT'S BELLY. EQUALLY TRUE IS THE FACT THAT A MODERN, COMPLEX, AND EXTREMELY CAPABLE NAVAL AIR AND SURFACE FORCE PERFORMS OFF ITS SUPPORT BASE. CLEARLY THE MOST BASIC ELEMENT OF THIS ADEQUATE SUPPORT IS THE FACILITIES SEGMENT.

UNFORTUNATELY, THE NAVAL RESERVE FACILITY STRUCTURE WAS ALREADY WELL BEHIND THE POWER CURVE WHEN EQUIPMENT MODERNIZATION BEGUN.

THE WWII AND KOREAN WAR ERA CONSTRUCTION WAS ALREADY OLD AND IN MANY INSTANCES SO INADEQUATE THAT IT WAS INCAPABLE OF ACCOMMODATING THE COMPLEX SUPPORT REQUIRED TO SUSTAIN AND MAINTAIN THE NEW HI-TECH WEAPONS SYSTEMS.

THESE EVENTS ALONE WOULD BE EXPECTED TO GENERATE AN INCREASE IN RESERVE MILITARY CONSTRUCTION BACKLOGS. HOWEVER, THE SITUATION HAS BEEN COMPOUNDED BY EXTREMELY LOW MCNR FUNDING AND THE RAVAGES OF INFLATION. TODAY BY OUR ESTIMATE, THE CURRENT BACKLOG EXCEEDS $1,800 MILLION.

IS THIS SITUATION GOING TO IMPROVE OVER THE NEXT FEW YEARS? THE NAVAL

Reserve Association believes just the opposite will occur.

Last year in testimony a planned ramp up in MCNR FY87 - FY 91 was proposed. This ramp up would total over $350 million in the five year period and provided $63.3 million in FY 88 and $72.7 million in FY 89, reaching a $91.2 million level in FY 91.

This year's DoD budget submission, however, proposes $73.7 million in FY 88, but only $56.9 million in FY 89.

In our view, this indicates a trend in the wrong direction, a trend that should be reversed.

Last year the House Armed Services Military Construction Subcommittee recommended and was supported by the full HASC that 10% of the total military construction budget should be earmarked for Reserve components. Although the conference report did not contain a fixed percent target, the Naval Reserve Association was pleased that significant increases in MCNR were warranted and desired.

The Naval Reserve strongly endorses the approach taken by House Armed Services Military Construction Subcommittee last year. It is clear having watched the MCNR budget for over 20 years a firm Congressional hand is the only way adequate MCNR funding posture will be attained.

One final point that is most important to keep in front of us all is the people, or more precisely, the habitability portion of the MCNR budget. All too often these requirements are "prioritized" out of annual budget requests by the more visible demands associated with hardware support.

The NRA believes that is a serious mistake.

The key to Reserve capability has always been the devotion and capability of its people. This is particularly true of the enlisted Reservist. As we approach the 90's, retention is most critical in view of declining manpower pools, increased training costs and more reliance and Reserve Force capability

WILL DEMAND A MUCH LARGER AND STABLE RESERVE FORCE. IN NRA'S VIEW, REPLACEMENT OF THE EXISTING WOODEN WWII OPEN BAY BARRACKS SHOULD BE A PRIME OBJECTIVE OF ANY INCREASES IN MCNR FUNDING.

ALTHOUGH THE OVERALL RESERVE COMPONENT SHARE OF THE MILITARY CONSTRUCTION BUDGET IS APPROXIMATELY 7% IT IS NOTED THAT IN THE CASE OF THE NAVAL RESERVE THAT SHARE IS ONLY 3% OF THE NAVY MILITARY CONSTRUCTION BUDGET.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THAT FUNDING BE ADDED TO THE MCNR BUDGET TO BRING IT IN LINE WITH DOD PERCENTAGES. FURTHER IT IS RECOMMENDED THAT BEQ CONSTRUCTION BE INCLUDED IN ANY ADDITIONAL FUNDING.

NAVAL RESERVE OPERATIONS AND MAINTENANCE

THE O&MNR ACCOUNT IS IN MANY WAYS THE MOST IMPORTANT ACCOUNT FOR THE NAVAL RESERVE. SINCE IT PROVIDES ALL THE POL, OVERHAUL, SHIP STEAMING HOURS, BASE SUPPORT AND MAINTENANCE FUNDS IT IS THE "PROXIMATE READINESS GENERATOR".

WHILE THE FY 88/FY 89 DOD BUDGET SUBMISSION CONTAINS INCREASES IN O&MNR FUNDING, IT HAS SOME SERIOUS DEFICIENCIES. THESE SHORTFALLS ARE AS FOLLOWS:

FLIGHT HOUR PROGRAM

THE FY 88 FLIGHT HOUR PROGRAM IS UNDERFUNDED BY $11.6 MILLION. THIS EQUATES TO A 13,429 FLIGHT HOUR DEFICIENCY. THE DESIRED FLIGHT HOUR PROGRAM IS DESIGNED TO PRODUCE AN 86.75% ATTAINMENT OF PRIMARY MISSION READINESS (PUR) FOR TACAIR UNITS AND PROVIDE 100% UTILIZATION OF LOGISTICS AIRCRAFT ASSETS. AS A RESULT OF THIS FLIGHT HOUR PROGRAM IN FY 88 TACAIR UNITS WILL ONLY ATTAIN AN 81.5% PMR AND OUR LOGISTIC AIRCRAFT (C-9) WILL ONLY BE UTILIZED TO 89% OF CAPACITY.

IN THE CASE OF TACAIR READINESS AND MOBILIZATION RESPONSIVENESS WILL BE REDUCED WHILE THE RESERVE LOGISTICS SQUADRONS WILL BE UNABLE TO MEET THEIR VITAL LOGISTIC SUPPORT TASKING.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THE ADDITION OF $11.6 MILLION TO THE O&MNR BUDGET REQUEST FOR FY 88.

MAINTENANCE OF REAL PROPERTY

THE MAINTENANCE OF REAL PROPERTY PLAYS A CRITICAL ROLE IN THE CONTINUED DAY TO DAY OPERATIONS OF THE RESERVE BASE STRUCTURE. THIS ACCOUNT, ALL TOO OFTEN UNDERFUNDED, HAS AN INVERSELY PROPORTIONATE RELATIONSHIP TO THE MILITARY CONSTRUCTION BUDGET AND AMOUNT OF MILITARY CONSTRUCTION BACKLOG.

GENERALLY SPEAKING THE LARGER THE BACKLOG AND/OR THE SMALLER THE MILITARY CONSTRUCTION BUDGET THE LARGER/GREATER WILL BE THE MRP REQUIREMENT.

CURRENTLY, THE NAVAL RESERVE MILITARY CONSTRUCTION BACKLOG IS OVER $800 MILLION AND THE MILITARY CONSTRUCTION NAVAL RESERVE (MCNR) BUDGET REQUEST IS ONLY 3% OF THE TOTAL NAVY CONSTRUCTION BUDGET (OTHER RESERVE COMPONENTS MILITARY CONSTRUCTION IS ABOUT 7% OF THEIR PARENT SERVICE).

THE COMBINATION OF THESE FACTORS RENDER THE MRP BUDGET REQUEST GROSSLY INADEQUATE.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION RECOMMENDS THAT $5 MILLION BE ADDED TO THE MRP ACCOUNT FOR FY 88.

MCM/MHC/COOP

THE GROSS INADEQUACIES OF THE MINE WARFARE FORCES HAVE ESSENTIALLY REMAINED UNCHANGED FROM A YEAR AGO. THE FORCE LEVELS REMAIN OBSOLETE WHILE THE SOVIET MINE CAPABILITY GROWS. THE SOVIETS HAVE THE LARGEST INVENTORY OF MINES IN THE WORLD TODAY AND CONTINUE TO IMPROVE THEIR MINELAYING CAPABILITIES.

THE BRIGHT NOTE IS THAT FOR THE FIRST TIME AFTER YEARS OF BENIGN NEGLECT THERE HAS BEEN CONSIDERABLE EFFORT EXPENDED TO IMPROVE THE U.S. NAVY MINE WARFARE CAPABILITY.

CONTRACTS HAVE BEEN SIGNED FOR THE PRODUCTION OF THE FIRST EIGHT OF A PLANNED PRODUCTION OF FOURTEEN MCM SHIPS. THE FIRST OF THESE SHIPS IS SCHEDULED FOR DELIVERY THIS YEAR. AS YOU KNOW THESE SHIPS WILL BE ASSIGNED TO THE NAVAL RESERVE AFTER A ONE YEAR ACTIVE NAVY SHAKEDOWN PERIOD.

THE SMALLER INSHORE MINE WARFARE CLASS SHIP PROGRAM HAS NOT FARED SO WELL. THE ORIGINAL SHIP DESIGNATED THE MSH RAN INTO SUCH DEVELOPMENT AND COST OVERRUN PROBLEMS THAT THE PROGRAM WAS CANCELED. THE NAVY IS NOW PLANNING TO REPLACE THE MSH WITH A NEWLY PROCURED MHC (MINE HUNTER COASTAL). THE INITIAL SHIP OF THIS CLASS IS TO BE FABRICATED USING A FOREIGN MADE HULL WITH U.S. ELECTRONICS. THIS INITIATIVE IS A SEVERE BLOW TO AN ALREADY DEPRESSED UNITED STATES SHIPBUILDING INDUSTRY AND WILL BE SUBJECTED TO CONGRESSIONAL REVIEW. IN THE MEANTIME THE ANCIENT INVENTORY OF RESERVE MSO'S HAVE HAD TO BE EXTENDED IN ACTIVE SERVICE UNTIL MID 1988. BECAUSE OF THE CONTROVERSY IN THE MSH/MHC PROGRAM THE FY 88/FY 89 BUDGET CONTAINS FUNDING FOR ONLY 2 MHC.

THE COOP PROGRAM IS PROGRESSING WITH THE INTRODUCTION OF FIVE ADDITIONAL COOP UNITS IN FY 88. THIS WILL BRING THE COOP PROGRAM TO A TOTAL OF 19 UNITS.

RECOMMENDATION

THE NAVAL RESERVE ASSOCIATION BELIEVES CONTINUED CONGRESSIONAL INTEREST AND CONCERN IS MOST NECESSARY IF THE U.S. NAVY MINE WARFARE CAPABILITY IS TO BE IMPROVED. IN PARTICULAR, IT IS RECOMMENDED THAT THE MHC PROGRAM BE PUT ON A FAST ACQUISITION TRACK AS SOON AS POSSIBLE.

ARAPAHO

THE TWENTY YEAR ODYSSEY OF THIS PROGRAM HAS BEEN DOCUMENTED ELSEWHERE IN THIS EDITION OF THE NAVAL RESERVE NEWS, HOWEVER A REVIEW OF THE CURRENT STATUS IS IN ORDER.

The ARAPAHO prototype which was developed by the U.S. Navy and subsequently leased to Great Britain for the Falklands Operation has been returned to the United States and currently is located at Panama City in the custody of the Naval Coastal Systems Center.

During 1986 the Navy developed an ARAPAHO derivative called NOMAD (Naval Operations and Maintenance Aviation Deck). NOMAD is essentially a mine warfare support facility designed to permit airborne mine countermeasure operations to be conducted without the need for a dedicated USN ship. The NOMAD complex would consist of 450 vans and cost approximately $30 million.

A brief review of the funding profile reveals that in FY 86 Congress added $3.9 million for procurement of NOMAD material. In FY 87 an additional $8.0 million was provided in the Guard and Reserve procurement account for "Airborne Mine Countermeasure Equipment". Unfortunately this money had to be utilized to procure MK 105 minesweeping sleds which were not provided for our mine countermeasure squadron HM-18 at Norfolk.

As a result NOMAD, son of ARAPAHO, is currently not funded in FY 87 nor is there any funding requested in FY 88/FY 89 budget submission.

The Naval Reserve Association has long been a strong supporter of the ARAPAHO system. Although successfully demonstrated in the United States and proven in combat operations by the British, the concept remains essentially unfunded. The fact of the matter is that after almost twenty years of development and continued Congressional funding and support there is not even a set of production quality blueprints to show for this long effort.

Recommendation

The Naval Reserve Association recommends the addition of $15 million in both FY 88 and FY 89 specifically fenced for ARAPAHO/NOMAD development and procurement of the first NOMAD facility.

NORTH PACIFIC PATROLS

Chairman STENNIS. Well, we want to thank you for the attention you've given us here. We feel like you know what you are talking about.

Do you have some questions now, Senator Stevens?

Senator STEVENS. Just a comment. You know, we have substantially increased our patrolling in the North Pacific. And there are some aspects of it that they are trying to cover even further by this over-the-horizon and back-scatter radar concepts that are coming.

But I appreciate your comment on that. And if you flew out of Adak, you know what God's country is like, don't you?

Captain BUESENER. Yes, sir, I sure do. Thank you, sir.

Chairman STENNIS. Thank you very much. We value your testimony, and we will keep it for consideration. And it's open to the public, too.

That's one of the good things about these hearings. They are open to the public and the press, and every group that wants to attend can do so.

I know the Senator is going to have to go on another meeting. He has a markup of a bill. When that time comes, we know you'll have to leave, but we appreciate the fact that you were here, and your contribution is as good as always.

We hope you can come back for the rest of the hearing later.

All right, thank you again.

THE AMERICAN LEGION

STATEMENT OF JOSEPH E. MILLER, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

LEGION SUPPORT FOR CONVENTIONAL WEAPONS PROCUREMENT

Chairman STENNIS. Next we have Mr. Joseph E. Miller. Come around, Mr. Miller.

Mr. Miller is Assistant Director of the National Legislative Commission of the American Legion.

We are glad to have you here, and you proceed now in your own way for the 10 minutes, and we will give you notice. And if need be, we will extend that time. Proceed.

Mr. MILLER. Mr. Chairman, I thank you. I appreciate the opportunity to present the views of the American Legion on behalf of its 3 million members to this subcommittee today.

At the outset, I would like to ask that our entire written statement be included for the record.

Chairman STENNIS. Without objection, that will be approved.

Mr. MILLER. In addition, I have a copy of the pertinent national security resolutions, which I think you will find of interest. And I would like to ask that those also be made a part of the permanent hearing record also, sir.

Chairman STENNIS. You want that to go in the record, you say?

Mr. MILLER. Yes, sir.

Chairman STENNIS. We're willing, unless it's too thick. How many pages have you got there?

Mr. MILLER. About 20, sir.

Chairman STENNIS. Well, we'll look that one over, and just reserve ruling on it now. All right, you proceed.

Mr. MILLER. The armed services of the United States, Mr. Chairman, whether we like it or not, are the underpinnings of the freedom of the Western world.

In this regard, we appreciate the approach taken by the House Armed Services Committee to increase substantially the level of acquisition for several major conventional weapons systems.

The Legion believes that a credible readiness can only be achieved if the Armed Forces are equipped consistent with the defense needs of this Nation.

We also recognize that this subcommittee over the past several years has been instrumental in increasing the level of acquisition and modernization of our armed services, and we would like to extend our sincere thank you for that effort.

We also recognize that the Nation is facing severe budgetary problems. Unfortunately, our Nation's economic problems are occurring at a time when the Soviets are demonstrating an increased willingness to use raw military to gain even a slight edge in world competition for controllable political systems, and dominating reserves of national resources.

Indeed, to achieve these goals, Soviet military power keeps on growing quantitatively while growing in quality. Because of this, the Legion has concentrated its national security efforts over the past couple of years, and specifically this year, on the readiness aspect of our Armed Forces.

MODERNIZATION PROGRAMS

And while over the last several years, our Armed Forces have undergone a modernization unprecedented since the Second World War, we think that modernization is far from complete.

According to defense sources, only one-third of our armored units have the new M-1 Abrams tank. One-fourth of our mechanized infantry battalions have the new Bradley Fighting Vehicle. And there are now some problems with that that need to be addressed and taken care of.

One-third of the Air Force has yet to receive the new F-16, F-15 fighter aircraft. And over half of the carrier, attack carriers—under half, excuse me, have the new F-18 fighter attack jet.

Submarine forces, only one-third is made up of the latest attack subs.

Because of these figures, we feel that the modernization efforts need to continue so that our troops can have the best available equipment.

PERSONNEL ITEMS

There are several personnel items which also, in our opinion, impact on readiness. One is attempts to contract out functions at commissary systems.

The second is a proposal to charge a user fee at military hospitals for retired military personnel and dependents.

We think both of these proposals should not be funded. They're counterproductive to ensuring readiness.

First of all, you will have active duty people who will experience increased costs, which has been the continued experience of the tests that have been run on contracting out functions of commissaries, so that there will be no savings really achieved. What you will end up having is higher prices for military personnel.

The commissary system is one of the prime bits of compensation; military families view it as such. At the same token, military personnel have always enjoyed free medical care. It is something that they have earned. It has always been something they've been promised.

Now to start charging retirees and dependents a user fee for going into emergency rooms to us is counterproductive. It's going to make people think twice.

What they're going to see is charges for this, and maybe down the road, there will be charges for something else.

We feel that military medical care ought to continue to be free, and that the reforms in the CHAMPUS program ought to go ahead and continue.

O&M FUNDING

The last item that I would like to touch on orally, Mr. Chairman, is the funding for O&M. The administration has requested $87.3 billion in operations and maintenance funding for fiscal year 1988.

This is a $6.9 billion increase over the monies actually appropriated in fiscal year 1987.

American Legion feels that operation and maintenance funding is the lifeblood of military service. Without the steady stream of spare parts and equipment in weapons systems, and the funding for the other items that impact directly on the day-to-day operations, every unit commander will tell you that readiness suffers.

And therefore, we feel that it is essential, in light of the need to maintain readiness, to avoid cuts in the operation and maintenance accounts.

Mr. Chairman, I will be happy to respond to any questions that you have.

GI BILL

If I may, just one second, I would like to echo the opinion of my predecessors this morning regarding the GI bill. The American Legion feels that the new GI bill is an essential element for recruitment and retention. It has been demonstrated so by the armed services.

We think that it is a good program to be made permanent.

I will be happy to respond to any questions that you may have, sir.

Chairman STENNIS. Well, we are glad to have you. And I reserve ruling on your paper. I am sure it is all right, but we do have to put some kind of limit on the volume of these things.

Do you want to give us a summary of your points there or something of that kind, you can think about that.

Sir, do you have questions you wish to ask?

Senator STEVENS. No, Mr. Chairman. For years, I served as a member of the legislative commission of the American Legion, along with my former partner, Harold Stringer, who was the director of it at one time.

And this group does a great deal in keeping veterans informed around the country as to the status of our armed services and defense forces.

I look forward to reading your paper again.

Mr. MILLER. Thank you, sir.

Chairman STENNIS. All right. Thank you again for coming, and for your attention here and your help.

Thank you very much.

[The prepared statement of Mr. Miller follows:]

Statement of

The American Legion

by

JOSEPH E. MILLER, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

Thank you Mr. Chairman. We are pleased to appear before this subcommittee today on behalf of the almost 3 million members of The American Legion. First, we have some comments on the Defense Budget in general. We believe there are very few parallels to be drawn between our positions, and the recommendations of those who are calling for a 5% reduction in real terms. America's defenses simply cannot sustain a 5% reduction in real terms and remain credible in the eyes of the rest of the world for very long. The Armed Services of the United States are the underpinnings for the freedom of the Western World. In this regard, we appreciate the approach taken by the House Armed Services Committee to increase the level of acqusition for several major conventional weapons systems. The American Legion believes that a credible readiness can be acheived only if the armed forces are equipped consistent with the defense needs of this nation. We also realize, of course, that recent House action, on their version of the budget, will recessitate a downward adjustment in the procurement rate of some weapons systems adversely impacting on defense readiness.

Unfortunately, our nation's economic problems are occurring at a time when the Soviets are demonstrating an increased willingness to use raw military power to gain even a slight edge in the world competition for controlable political systems and dominating reserves of national resources. Indeed, to achieve these goals Soviet military power keeps on growing quantitatively and growing in quality. Former Secretary of

Defense Harold Brown said it best: "When we build, the Soviets build. When we stop building, the Soviets build. When we resume building, the Soviets build." he explained.

Additionally, the Secretary of Defense caused a study to be done by his staff about the effect of defense spending on tax revenues. The analysis reported that an increase in defense spending of $1.00 will return, on average over a four year period, about $.77 in federal tax receipts. Federal expenditures would increase by $1.16 (due to a slightly higher federal debt burden and increased CPI). The net impact then on the federal deficit would be in increase of just $.39.

The analysis also showed that an increase in federal government transfers to individuals would return, on average, just $.44 in federal tax receipts. Federal expenditures would increase by $1.21 (due to an even larger federal deficit that results in an even greater federal debt burden). The net impact then on the federal deficit would be an increase of $.77.

What we are suggesting Mr. Chairman is that this nation cannot afford not to spend the money for an adequate defense. The world situation demands it. A strong economy will help a strong defense. A weak economy can be strengthened by defense spending. But a weak defense posture will most assuredly bring the downfall of either a strong or weak economy with the passing of time.

Mr. Chairman, there are several issues we would like to discuss with the subcommittee today. The first issue concerns that of the Strategic Defense Initiative. The American Legion believes that the United States is past the issue of whether to fund research on this system. In fact, funding has been provided ever since the President surfaced his proposal in 1983. Granted, the level of funding has never approached what the President has requested. But several billions of dollars have been provided for basic and advanced research on whether or not it is possible to protect the American people from nuclear weapons.

The technological spin-offs have been phenomenal. Gallium arsenide memory chips for computers are able to work several times faster than the current silicone chips. A new product, polydiacetylene, holds the promise of the manufacture of optical switches which can handle up to one trillion operations per second. Current silicon optical switches can only handle about one one-thousandth as many in the same time period. Research into electron beam transmission with military applications will also help physicians destroy cancer tumors in the human body without the need for invasive surgery. None of these discoveries would have been possible, this soon, if the Strategic Defense Initiative had died in its infancy.

We recognize that the ongoing debate over a liberal vs a restrictive interpretation of the 1972 ABM treaty will have some effect on whether any system which protects against inter-continental ballistic missiles is deployed anytime soon. However, The American Legion feels that a reasonable interpretation of the ABM Treaty permits the research necessary to determine the feasibility and viability of ABM systems. It is funding for this research that The American Legion is urging approval of today.

We are pleased that Congress exercised foresight two years ago in urging the Department of Defense to submit a two-year budget. We are also pleased that Secretary Weinberger enthusiastically embraced the two year budget idea recognizing the management efficiencies inherent in such a system. In our view, this two year budget proposal is clearly an idea whose time has come. At long last, program managers in the Pentagon will have time to manage their programs instead of worrying about executing the current budget, developing the next budget, and seeking supplemental funding for unforeseen circumstances all at the same time. More importantly, congressional oversight will be more easily accomplished and more focused on real problems rather than constantly working on an annual authorization process. We would commend to this committee the idea of a two year appropriation. While we recognize that there may be some problems associated with this idea in the short term, we also believe that bipartisan cooperation can overcome these problems and lead to a more efficiently managed defense establishment.

Mr. Chairman, over the past six years, the armed forces of the United States have seen a modernization effort unprecedented since the mobilization prior to our entry into World War II. However, that modernization is far from complete, and much remains to be done. For example, according to defense sources, only one-third of our armour units have the new M-1 Abrams tank. Only one-fourth of our mechanized infantry battalions have the new Bradley Fighting Vehicle. One-third of the Air Force has not yet received the new F-16 and F-15 aircraft. Over one-half of the attack aircraft carriers do not yet have the new F-18 fighter attack jet. Only one-third of the submarine force is made up of the latest attack subs. This modernization effort needs to continue if our troops are to have the best available in tools for combat. Some say that these new systems don't work, they are too complicated to maintain, that the troops are not smart enough to use them, that they are too expensive and cheaper alternatives are available if only the services would spend more money investigating the alternatives.

Ask the soldiers and sailors and airmen who will be expected to fight with these weapons. Almost uniformly they will tell you that the new equipment is better by an order of magnitude than the old weapons; that the new equipment is easier to maintain; that their confidence in their ability to fight and win on a battlefield or on the sea or in the air is higher than it has ever been; and new equipment has substantially contributed to a better armed force than we have ever had. Members of the American Legion National Security Commission have travelled to Ft. Knox, Hill Air Force Base, Pensacola Naval Air Station, and to many other military bases in recent years will dispute the critics. These volunteers have seen the weapons systems demonstrated, and have spoken with the young soldiers who are in training to use the new equipment on the battlefield. Without exception, these troops tell us that the new M-1 tank, the Bradley Fighting Vehicle, the F-16 fighter plane, and all of the other new systems coming into the inventory of the armed forces represent significant and substantial increases in the ability of our armed forces to fight and win. The armed forces must fight with the best available equipment. That is what the massive modernization effort is all about - to give our fighting men something better. As a nation, we have partially succeeded in doing that. These efforts need to continue.

Mr. Chairman, we note that the President has requested $87.3 billion in operations and maintenance funding for FY 1988. That figure is a $6.9 billion increase over the monies actually appropriated for Fiscal 1987. It is no secret that O&M is the life blood of military readiness. Without a steady stream of spare parts, neither equipment nor weapons systems can be relied upon to perform when needed. Because this this funding impacts directly on the day-to-day operations of every unit commander at every level of command we feel that it is essential to avoid cuts in O&M funding.

Soldiers, airmen and sailors also base their career decisions, in part, on their work environment. Boiler technicians forced to work much longer hours due to reduced manning will not remain in the service. Airframe and electronics technicians forced to work nights and weekends due to reduced manning will leave the service. Equipment mechanics, unable to obtain spare parts for the vehicles and aircraft they are charged with maintaining, will rapidly develop an "I don't care" attitude once they perceive that the parts are not available due to funding constraints. Nothing more directly affects a fighter pilot's morale than reducing his flying hours to conserve fuel when, in fact, he is deeply aware that those hours flown are barely maintaining his flying proficiency and minimal safety standards. Nor can we afford to underestimate the factors of morale and confidence in self and equipment when discussing the retention of highly qualified people. A fighting force's high morale is achieved when individual self-confidence merges and peaks with confidence in one' equipment; confidence reached through daily training and exercises. The American Legion urges you to resist the temptation to take any short cuts by reducing O&M funds through a perception of greater need elsewhere.

Mr. Chairman, we are very concerned over two personnel issues described in the Administration's budget proposal for the Department of Defense for Fiscal Years 1988-89. The first of these is a directive which will force the Department of Defense to conduct a test of charging and collecting "nominal" fees for outpatient medical care from retirees, active duty military dependents and retiree dependents. OMB apparently feels that these fees would eliminate or at least minimize visits to military emergency rooms and clinics by those peple who "are not really sick."

While this idea of user fees for non-active duty patients has been discussed from time to time over the years, it has never become official policy because of its potential damage to the morale of the troops as an erosion of benefits and a breach of the trust between the service member and his country. OMB has apparently included this provision in the President's budget without coordinating the policy with the individual services, or with the Surgeon General of the Armed Forces.

You will recall, Mr. Chairman, that the Department of Defense has just recently received the permission of the Congress to "reform" the Civilian Health and Medical program for the Uniformed Services (CHAMPUS) by contracting with civilian health care companies to provide retirees, their dependents, and active duty dependents, with inpatient care free of charge and out-patient care for a nominal fee. The first phase of this program is scheduled to begin in January of 1988.

Members of the armed forces and their dependents have always enjoyed free medical care in military facilities. Retirees and their dependents have also earned the right to free medical care on a space available basis by electing to make the armed forces a career. If these user fees are allowed to become law, it is very likely that it will signal the end of free medical care for a segment of society which clearly deserves it. Further, to remove this benefit now would further erode the armed forces ability to recruit and retain qualified people. For these reasons, The American Legion opposes the imposition of these user fees even on a "test" basis. The idea should be stopped now.

Mr. Chairman, there is another one of these destructive provisions hidden away in a couple of small paragraphs of the proposed DOD budget. This provision would mandate a "test" of whether the private sector could "efficiently" manage the operation of the military commissaries now operated by the armed forces for the benefit of service members and their dependents. The OMB proposal in the budget says in part "If the private sector can run commissaries more **efficiently** (emphasis ours) than the military -- their services and costs would improve and the costs to the taxpayers would decline."

Notice, Mr. Chairman, that the proposal never mentions the benefits which accrue to service members and their families from the lower prices they pay for the food and other necessities available in the commissaries. Thus, the proposal by OMB misses the point of having commissaries in the first place. Of course, we are in favor of running commissaries in an efficient manner. But we don't believe the private sector has a corner on the management expertise necessary to do this. As we have said to this committee in the past, the commissary system is a highly regarded benefit available to the members of the armed forces, providing food to service members at a substantial savings. In the past tests of contracting out have shown that the private sector cannot in fact offer the same value to the service member as the commissary system.

The American Legion believes that no further tests are necessary and, in fact, would only serve to increase the perception of the erosion of benefits. The Department of Defense should be instructed not to spend any funds under Title 10 to conduct any test of commissary operation by any private sector firm.

To summarize, Mr. Chairman, the Legion realizes that the nation is facing some rather striking economic challenges. The industrial base of the U.S. is confronting more efficient foreign competition with substantially lower labor costs, and is frequently not competitive on either foreign or domestic markets. Rising unemployment has given life and sustenance to a much stronger protectionist sentiment, and a burgeoning peace movement. Many say that a clear need exists to retrench, to spend less on defense and more on social programs, and to ensure that U.S. industry is protected from foreign competition.

Mr. Chairman, we are also well aware of the size of the federal budget deficit and the requirements of the Gramm-Rudman mechanism. While we agree with the necessity to reduce the budget deficit, as advocates of a strong national defense, we have some real concerns regarding the potential impact of "sequestration" on defense spending in years when deficit targets are not met.

We can ill afford to revert to the fortress America attitude which existed after World War II. Implementation of such beliefs would result in a weak foreign policy, an erosion of world trade, a serious contraction of this nation's economy, and worsening of the world economic situation. An inward looking America would no longer have the concern or the ability to protect its foreign interests. Freedom and democracy would suffer as unfriendly socialist dictatorships inherited the natural resources on which the free world economy depends. U.S. foreign policy and the defense establishment needed to back it up would weaken and the armed forces would decline in size and ability. This must not happen. The United States, is the leader of the free world. We must compete with a belligerent, totalitarian military power that governs by force of arms, and that will continue to threaten our national interests and way of life. To continue to compete without resorting to armed conflict, we must as a nation remain strong. Peace and prosperity will only come if we are prepared to defend them.

The 68th Annual National Convention of The American Legion held last August in Cincinnati, Ohio passed resolutions relating to the national security of the United States. I have with me copies of the full texts of the resolutions which contain the rationale for The American Legion's support for each position. We respectfully request that they be included in the hearing record.

GEORGETOWN UNIVERSITY

STATEMENT OF FATHER HAROLD BRADLEY, ASSISTANT TO THE PRESIDENT, GEORGETOWN UNIVERSITY, FOR FEDERAL RELATIONS

ARMED SERVICES HEALTH PROFESSIONS SCHOLARSHIP PROGRAM

Chairman STENNIS. All right, that brings us to our next witness, Father T. Byron Collins, assistant to the president for federal relations, Georgetown University.

All right, reverend, have a seat.

Father BRADLEY. I am Father Harold Bradley, assistant to the president of Georgetown University for federal relations, and I walk in the shadow of Father Collins.

So if you can have a man my size walking in the shadow of a man his size, at least up and down I walk in his shadow.

Senator STEVENS. You may never see the sun, Father.

Father BRADLEY. Mr. Chairman, Senator Stevens, I am very pleased to be able to represent Georgetown University before this committee today.

I wish to commend to you a program which has been of great benefit, both to the armed services and to the universities, that is, the Armed Forces health professions scholarship program.

In this program, young men and women admitted to medical school, apply to the individual services for scholarships, which award educational costs, that is, tuition, fees, books, et cetera, and a living stipend for each year of study.

If they are accepted into the program, they become commissioned officers during their training. For each year's scholarship, they are obligated to pay back a year of service, or a minimum of 2 years.

However, most students apply as incoming freshmen and have a 4-year obligation.

Over the years, a substantial number of Georgetown students have joined this program to everyone's mutual satisfaction.

Our students are pleased to be in the scholarship program. The services are pleased with the quality of our young physicians.

In recent years, the total number of scholarships in the program has declined to 5,000. Only the Air Force has limited the applicants from high-tuition private schools, that is, to 15 percent of their income scholarship slots, which is about their level of application in previous years.

We are pleased that this is the only limitation, and we urge that the program remain open to students at private universities and Georgetown.

We welcome the variations in the program that the services have developed and are presently developing, such as the reserve payback option.

We believe that the recruitment of fourth-year medical students, who have already selected their post graduate specialty, into a modest scholarship program, with a reserve service obligation, might also assist the services in reaching their desired reserve physician strength.

AFHPSP PROGRAM SUPPORT

In summary, we support the AFHPSP program. We urge its continuance, and welcome the opportunity to suggest ways in which the services and our medical students will continue to derive mutual benefit.

On behalf of our president, Father Timony S. Healy, S.J., I thank you for the opportunity to testify before your committee.

[The prepared statement of Father Bradley follows:]

PREPARED STATEMENT OF FATHER HAROLD BRADLEY

Mr. Chairman, and members of the Subcommittee:

Georgetown University is delighted to have this opportunity to testify before you today.

I wish to commend to you a program which has been of great benefit both to the Services and to the Universities: The Armed Forces Health Professions Scholarship Program [AFHPSP]. In this program, young men and women, admitted to medical school, apply to the individual Services for scholarships which award educational costs (tuition, fees, books, etc.) and a living stipend for each year's study. If accepted into the program, they become commissioned officers during their training. For each year's scholarship, they are obligated to pay back one year of service (for a minimum of two years, but most students apply as incoming Freshmen and have four years' obligation).

Over the years, a substantial number of Georgetown students have joined the program, to everyone's mutual satisfaction: our students are pleased being in the scholarship program; and the Services are pleased with the quality of our young physicians.

In recent years, the total number of scholarships in the program has declined to 5,000. Only the Air Force has limited the applicants from high tuition private schools (to 15 percent of their incoming scholarship slots, about the level of their application the preceding year). We are pleased that this is the only limitation, and we urge that the program remain open to our students.

We welcome the variations of the program that the Services have developed are presently developing such as the Reserve Payback options. We believe that recruitment of fourth year medical students (who have already selected their postgraduate specialty) into a modest scholarship program with a reserve service obligation, might also assist the Services in reaching their desired reserve physician strength.

In summary, we support the AFHPSP program, urge its continuance, and welcome the opportunity to suggest ways in which the Services and our medical students will continue to derive mutual benefit.

On behalf of President Timothy S. Healy, S.J., thank you for this opportunity to testify.

HIGHWAY FUNDING FOR GEORGETOWN UNDERPASS

Chairman STENNIS. All right. Well, it sounds like you know what you are talking about. It's very sound and substantial testimony. We are glad to have it and to have a visit from you, too.

Any questions?

Senator STEVENS. Father Collins has been here several times. We're glad to have you.

You've got to answer a question about something else, though. As I was driving past Georgetown yesterday, my wife said that in the highway bill there are funds to put an underpass to go up there to Georgetown.

Is that right?

Father BRADLEY. Senator, this is not the first time I've testified before a committee, so I will say, I will have to get you an answer for that and give it to you in writing.

Senator STEVENS. You don't need to get it in writing. I would be very interested, though. I didn't see it there as I examined the highway bill, but she says she's been told—she's a Georgetown graduate, by the way—she's told there's something in there about that.

Father BRADLEY. I believe there is, Senator.

Senator STEVENS. I would be interested in that, thank you very much.

Chairman STENNIS. Yes, sir, thank you again. We are glad to have had you, indeed.

NATIONAL FEDERATION OF FEDERAL EMPLOYEES

STATEMENT OF MS. BETH MOTEN, LEGISLATIVE LIAISON, THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

DEFENSE EMPLOYMENT CONCERNS

Chairman STENNIS. All right, that now brings us Ms. Beth Moten. All right, come right around, please. You are appearing here as legislative liaison for the National Federation of Federal Employees?

Ms. MOTEN. That is correct, Mr. Chairman.

Chairman STENNIS. All right, we are glad to have you. And you just proceed in your own way. You are an experienced witness, I can tell that.

Ms. MOTEN. Well, hardly, I'm afraid our national chairman was called out of town, Mr. Chairman, or he would have been here himself.

Thank you very much.

The National Federation of Federal Employees appreciates the opportunity to present our views on fiscal year 1988 appropriations for the Department of Defense.

Since approximately half of our membership is employed by DOD, we are especially interested in the subject of today's hearing.

Of special concern to us are two issues: the contracting out of Federal functions and the future of the civilian technician program.

CONTRACTING PROCEDURES

NFFE has long been concerned about the serious problems with the management and control of contracting procedures, along with the repercussion of such problems on the Federal workforce.

Despite the existence of the Office of Management and Budget Circular A76, which establishes guidelines for contracting out commercial and industrial-type activities, the procedures involved in converting these functions to the private sector are constantly abused and ignored.

Already previous revisions applied to the circular have virtually destroyed cost-efficiency, the primary concern of the American taxpayer. In 1983, the administration changed the cutoff point below which cost-comparison studies are not required.

The revised circular states that Federal activities with 10 or fewer fulltime equivalents may be contracted out without a cost-comparison study. These activities can be and have been contracted out by agency heads, without having to determine whether the work can be performed more efficiently by government personnel.

The fiscal year 1986 DOD authorization act raised the cutoff point again, this time from 10 employees to 40. A year later, the fiscal year 1987 DOD authorization act raised the threshold to 45.

Under the act, DOD activities employing 45 or fewer civilians are not required to perform a full A76 review. Without a cost comparison analysis, the American taxpayer can never be certain whether a private contractor's performance of a commercial activity is less expensive.

In response to the authorizing committee's action, the defense appropriations committee modified the cutoff point change in the fiscal year 1987 defense appropriations bill, by requiring agencies to complete a most-efficient and cost-effective organization analysis, before a DOD activity employing more than 10 civilians should be contracted.

However, since the DOD authorization bill for fiscal year 1987 was signed after the continuing resolution, the 45 employee threshold is currently in place.

In effect, we urge the committee to include the most-efficient organization requirement again in this year's appropriation bill.

Even when cost-comparison studies are used, the agency is not protected from cost overruns. For example, the department of engineering and housing at Ft. Richie, MD, recently lost a bid to a contractor solely because of the fringe benefit cost factors then used in computing the labor costs of the in-house operation.

The employees represented by NFFE Local 1153 provided many services to the Army post. During the studies, employees diligently assisted management in recording the numerous duties which they performed, and the operation had been streamlined effectively to achieve the most efficient organization.

Nevertheless, before the bids were opened, the in-house bid had to be corrected to adjust for the new OMB increases in fringe benefit costs.

The resulting in-house operation was only $400,000 more than the winning contractors' bid for the 5-year multimillion dollar project.

Since then, OMB's fringe benefit factors for Federal workers have been recalculated, reflecting a lower cost.

To add insult to injury, the contractors' cost-plus could easily exceed the $400,000 savings in less than a year, if the contractor understated the price for required equipment and products.

Furthermore, the entire technical evaluation committee which reviewed the management study and evaluated the ability of the contractors to perform the work, determined that the contractor was unresponsive and incompetent.

The committee thus recommended that the activity be retained in-house. The contracting officer, ignoring these recommendations, retained the contractor as the lowest bidder.

Since that time, NFFE has learned that several modifications have been made to the original contract, but the employees monitoring the contractors' performance have been forbidden from discussing details.

The contracting officer will not divugle any information without a Freedom of Information Act request, so NFFE is in the process of filing such a claim.

CIVILIAN TECHNICIANS PROGRAM

I will go on now to address the civilian technicians program, Mr Chairman.

During the past several years, NFFE has appeared before the subcommittee many times to discuss the civilian technician program. Civilian technicians have helped maintain the National Guard and the Reserves as an effective fighting force for many years.

Yet the technician program has been plagued by problems in the past few years. In 1979 the Pentagon began converting technician positions to fulltime military slots, claiming that the use of active military was more cost-efficient and more beneficial to the military effectiveness of the force.

However, DOD, after several years of working under the active Guard and Reserve program, finally became aware that this is not the case.

It has been shown through recent studies that the cost of the AGR program is more expensive than a civilian technician program.

Congress finally recognized this problem when it placed a moratorium on further technician conversions, and in a continuing resolution enacted in 1982, Congress extended the moratorium through fiscal year 1984, and also placed a ceiling on AGR positions in fiscal year 1985.

In addition the language in the fiscal year defense appropriations prohibits the conversion of positions from civilian technician status to active Guard and Reserve status.

In effect, they would like to see the number of AGR positions decreased, and we hope that the positions already converted to active military will be switched back to civilian slots.

NEW TRAINING REQUIREMENTS

In addition to our concern about AGR increases, in effect the members have recently experienced serious problems with new training requirements for civilian technicians in the Army National Guard under the military education program.

One problem was the July 1, 1986, deadline for technicians to enroll in the alternate training method which allows technicians to meet MEP requirements for promotion by taking the RCNCOES course, battle skills course, and achieving military occupational specialty qualification.

The prior training taken by the technicians was credited toward MEP qualification. Unfortunately, the requirements for qualification and the availability of the alternate method were not communicated to technicians until it was too late for them to enroll.

There simply were not enough slots available in the battle skills course for technicians to qualify by July 1, 1986. Because the technicians were not allowed to take this course, they lost credit for the many State courses they have taken over the years.

In addition, employees promoted after the August 1, 1985, starting date for the program have been advised that if they do not obtain the MEP qualifications by June 1, 1988, their promotions will be revoked.

Clearly, the National Guard should either reconsider the worthiness of the additional training for technicians, or reopen the qualifications through the alternate method until all eligible applicants have had a chance to take it.

That concludes my statement, Mr. Chairman. I'll be happy to answer any questions.

Chairman STENNIS. Well, we are mighty glad you came. And we appreciate having the benefit of your counsel. And I wish there had been more who could have heard you personally here today. But we are stretched out in a lot of meetings going on. There's a debate going on on the Floor of the Senate at the same time.

This will all be preserved and put into the record. And benefit and good will come from it.

Ms. MOTEN. Mr. Chairman, if I could say one more thing. We benefitted greatly from Senator Stevens' leadership last year with our problems with the MEP program for the National Guard civilian technicians.

However, despite their extraordinary efforts, the problems have not been resolved. So we would be happy to continue to work with the subcommittee staff to try to see if we can ensure that those things are taken care of.

Chairman STENNIS. You say the problem has not been solved?

Ms. MOTEN. No, indeed, it hasn't. The technicians are still being told they will not be promoted unless they take the courses. And yet the courses are not available for them.

Chairman STENNIS. Well, we thank you for your interest, and for coming here today. Thank you very much.

Ms. MOTEN. Thank you very much.

[The prepared statement of Ms. Moten follows:]

NATIONAL
FEDERATION
OF FEDERAL
EMPLOYEES

NFFE

NATIONAL FEDERATION OF FEDERAL EMPLOYEES

PREPARED STATEMENT OF BETH MOTEN

Mr. Chairman and Subcommittee Members:

The National Federation of Federal Employees appreciates the opportunity to present our views on Fiscal Year 1988 appropriations for the Department of Defense (DOD). Since approximately half of our membership is employed by the DOD, we are especially interested in the subject of today's hearing. Of special concern to us are two issues, the contracting out of Federal functions, and the future of the civilian technician program.

Contracting Out

NFFE has long been concerned about the serious problems with the management and control of contracting procedures along with the repercussion of such problems on the Federal workforce. During the last six years, the Administration has been quite open about giving private industry a large slice of the Federal budget. While the exact cost of service-oriented contracts is not known, we estimate that at least $60 billion in Federal funds finds its way to private contractors each year. Yet, instead of tightening the oversight and control of such a large proportion of the Federal budget, the Administration has encouraged more contracting out.

Despite the existence of the Office of Management and Budget

Circular A-76, which establishes guidelines for contracting out commercial and industrial-type activities, the procedures involved in converting these functions to the private sector are constantly abused and ignored. The results are cost overruns, shoddy workmanship, sole source contracts, and a waste of taxpayer dollars.

Already, previous revisions applied to the Circular have virtually destroyed cost efficiency, the primary concern of the American taxpayer. Until 1983, government policy stipulated that contracts should be awarded only when cost studies demonstrated it would be less expensive to perform the work under contract than in-house. The policy, which applied to Federal activities worth more than $100,000, protected the Government and the American taxpayers from paying unnecessarily high prices for essential goods and services.

The policy was spelled out in the Circular A-76, but in 1983 the Administration changed the cutoff point below which cost comparison studies are not required. The revised Circular states that Federal activities with 10 or fewer Full-Time Equivalents may be contracted out without a cost comparison study. These activities can be, and have been contracted out by agency heads without having to determine whether the work can be performed more efficiently by Government personnel.

The fiscal year 1986 DOD Authorization Act (Public Law 99-145) raised the cutoff point again, this time from 10 employees to 40. A year later, the Fiscal Year 1987 DOD Authorization Act (Public Law 99-661) raised the threshold to 45. Under the Act, DOD activities employing 45 or fewer civilians are not required to perform a full A-76 review. Without a cost comparison analysis, the American taxpayer can never be certain whether a private contractor's performance of a commercial activity is less expensive.

In response to the authorizing committees' action, the Defense Appropriations Committees modified the cutoff point change in the FY 1987 Defense Appropriations Bill by requiring agencies to complete a most efficient and cost-effective organization analysis and certification before a DOD activity employing more than 10 civilians could be contracted. (Under this modified MEO and cost comparison, no conversion costs would be included, nor would there be any appeal rights. It is simply a provision to ensure that the Government is performing a function in the most efficient and cost effective manner before its costs are compared with those of a contractor.) However, since the DOD Authorization bill for FY 1987 was signed after the Continuing Resolution, the 45-employee threshold is currently in place. NFFE urges the Committee to include the most efficient organization analysis requirement again in this year's Appropriations bill.

Even when cost comparison studies are used, the agency is not protected from cost overruns. For example, the Precision Measurement Equipment Laboratory at Warner Robins Air Logistics Center in Georgia estimated savings to be $656,878 from October 1, 1979 to September 30, 1982. First, the initial contractor lost the contract due to performance problems and the Air Force subsequently paid the contractor $300,000 for the agency's failure to state adequately the conditions of the contract. The payment for these costs and the increased contract cost for the second contractor exceeded the Air Force's in-house cost approximately $798,000 during the first 18 months of the initial contract. This figure does not include the cost of unemployment or welfare benefits which may have been received by displaced Federal employees. (GAO/NSIAD, April 15, 1985)

In addition, the Department of Engineering and Housing at Fort Ritchie, Maryland recently lost a bid to a contractor solely because of the fringe benefit cost factors then used in computing the labor costs of the in-house operation. The employees, represented by NFFE Local 1153, provided many services to the Army post, including the maintenance of the heating and refrigeration systems, as well as general maintenance of the post facilities. Seventy positions were affected when the bids were opened in September 1985. During the study, employees diligently assisted management in recording the numerous duties which they performed, and the operation had been streamlined effectively to achieve the Most Efficient Organization. Nevertheless, shortly before the bids were opened, the in-house bid had to be corrected to adjust for the new OMB increases in fringe benefit costs. The resulting in-house operation was only $400,000 more than the winning contractor's bid for the five-year, multi-million dollar project. Since then, OMB's fringe benefit factors for Federal workers have been recalculated, reflecting a lower cost.

To add insult to injury, the contract was cost-plus, which could easily exceed the $400,000 savings in less than a year if the contractor understated the price for required equipment and products. Furthermore, the entire Technical Evaluation Committee, which reviewed the management study and evaluated the ability of the contractors to perform the work, determined that the contractor was unresponsive and incompetent. The Committee thus recommended that the activity be retained in-house. Nevertheless, the contracting officer provided this particular contractor an opportunity to respond to the Committee's negative comments and remarks. (This same opportunity was not provided to any other contractor.) After receiving the contractor's response, the Committee continued to recommend in-house performance. The contracting officer, ignoring these recommendations, retained the contractor as the lowest bidder.

Since that time, NFFE has learned that several modifications have been made to the original contract, but the employees monitoring the contractor's performance have been forbidden from discussing details of any contract. The contracting officer will not divulge any information without a Freedom of Information Act request, so NFFE is in the process of filing such a claim.

One of the greatest tragedies caused by increased contracting out is the Government's loss of institutional knowledge and expertise. Highly qualified Federal employees are forced into early retirement, the private sector, or simply into unemployment because their jobs are contracted out. In many cases, the agency never retrieves the function because it no longer employs workers with the necessary skills. If the contractor performs poorly or consistently overcharges, the agency is virtually held hostage because the work must be completed and in-house expertise is no longer available.

Congress must take steps to protect tax dollars and ensure that civilian jobs are not lost merely to satisfy the Administration's desire to give private industry a larger slice of the Federal budget. At the very least, Congress should require equitable cost comparisons to determine the most efficient and least expensive manner to perform all Government functions, replacing the 1983 threshold of ten FTEs. Normally, Federal workers should operate an activity at a much lower cost, and we are confident that an accurate cost comparison process will bear this out. However, in those cases where it can be truly shown that contractors can do a better job for less money, then they should be given that opportunity.

In summary, the Department of Defense, as well as other departments, should be required to convert civilian jobs to the private sector only for the right reasons: cost efficiency and quality performance. Thousands of Federal activities and billions of tax dollars are now wide open to potential abuse, especially within DOD. NFFE strongly urges the Subcommittee to prevent this by including legislative restrictions on contracting out in the Fiscal Year 1988 Defense Appropriations Bill.

The Civilian Technician Program

During the past several years, NFFE has appeared before the Subcommittee many times to discuss the civilian technician program. Civilian technicians have helped maintain the National Guard and the

Reserves as an effective fighting force for many years. These technicians are called upon to provide full time administration, supply, training and maintenance support that has enabled each Reserve component to become a key link in our national defense structure. The Defense Department has recognized that civilian technicians are the group best able to accomplish the task of performing this critical mission. Today, technicians are stationed in every state and territory and at thousands of bases and armories, constantly ensuring that our forces are ready to meet any crisis.

The technician program has been plagued by problems during the last few years. In 1979, the Pentagon began converting technician positions to full time military slots claiming that the use of active military was more cost efficient and more beneficial to the military effectiveness of the force. However, the Department of Defense after several years of working under the Active Guard and Reserve (AGR) program, finally became aware that this is not the case. It has been shown through recent studies that the cost of the AGR program is more expensive than the civilian technician program. Moreover, the conversion program has done nothing to improve the readiness of the Guard and Reserves. On the contrary, it has only weakened it. As we have warned all along, the DOD found it difficult to recruit qualified active duty replacements for civilian technicians. This was especially true in the Wage Grade area, which comprises nearly half of the technician work force. Not only did the civilian technicians not wish to convert from their civilian positions to military positions, but the DOD had to reduce qualifications in order to fill these military positions and increase the pay as an incentive to recruit full-time active employees. Readiness also suffered because of a loss of experienced technician personnel.

Due to the pay raises that the military has received in the past few years, and the pay cap on civilian employees' pay, military personnel costs have risen more than anticipated when the AGR program was conceived. Congress finally recognized these problems when it placed a moratorium on further technician conversion in a continuing resolution enacted in December of 1982. Congress extended the moratorium through FY 1984 and also placed a ceiling on AGR positions in FY 1985. In addition, the language in the FY 1987 Defense Appropriations report prohibits the conversion of positions from civilian technician status to Active Guard and Reserve status. NFFE would like to see the number of AGR positions decreased and we hope that the positions already converted to active military will be switched back to civilian slots.

In 1982, in testimony before the House Committee on Appropriations, Acting Deputy Assistant Secretary of Defense, John Brinkerhoff, testified that his goal was to accomplish the mission with the least cost. This can be done with the civilian technicians we presently have. Nevertheless, the Department of Defense is asking a substantial increase in the AGR end strength for Fiscal Year 1988. NFFE again asks the Subcommittee to reverse this request and keep the AGR program at its present ceiling or below. We also request that the technician program be increased accordingly to meet the full time support requirements of the Guard and Reserves in the most efficient and least expensive manner possible.

In addition to our concern about AGR increases, NFFE members have recently experienced serious problems with new training requirements for civilian technicians in the Army National Guard under the Military Education Program (MEP). The new MEP requirements are intended to require that technicians possess military skills and educational backgrounds comparable to their active Army counterparts. However, the Army National Guard has refused to grant credit to technicians for skills developed in other training programs, thus requiring technicians to retake many courses which they have successfully completed. In some cases, technicians are even being required to take courses which they are teaching at the state level.

This is not just tedious for the civilian technicians affected by such requirements, it is extremely wasteful spending.

One problem was the July 1, 1986 deadline for technicians to enroll in the "alternate training method." This method allows technicians to meet MEP requirements for promotion by taking the RCNCOES course, the battle skills course and achieving Military Occupational Specialty qualification. The prior training taken by the technicians was credited toward MEP qualification. Unfortunately, the requirements for qualification and the availability of the alternate method were not communicated to technicians until it was too late for them to enroll, since there simply were not enough slots available in the battle skills course for technicians to qualify by July 1, 1986. Because the technicians were not allowed to take this course, they lost credit for the many state courses they have taken over the years. In addition, employees promoted after the August 1, 1985 starting date for the program have been advised that if they do not obtain the MEP qualifications by June 1, 1988, their promotions will be revoked.

Many local commanders throughout the country have vehemently opposed the MEP training, calling it "repetitive, irresponsive, and certain to have an adverse impact on the mission." At one time at the Utah facility, there were 62 applicants for the MEP courses, but only three slots available. The request for a waiver of the deadline on the alternate method was denied by higher authorities. Clearly, the National Guard should either reconsider the worthiness of the additional training for technicians, or reopen the qualification through the alternate method until all eligible applicants have had a chance to take it.

It is important to note that only full-time civilian technicians and AGR personnel are required to undergo additional MEP training in order to be promoted. A much lower standard is required of part-time National Guard personnel. Civilian technicians, who comprise only six percent of the workforce, feel they have been forced to carry an unfair training burden. If it became necessary to activate the Guard forces, all personnel would be on active duty, yet the part-time personnel, who comprise a majority of the workforce, have been exempted from the training.

NFFE has a final suggestion for National Guard civilian technician savings: to permit technicians to work in civilian clothes while they are in civilian status. Civilian technicians turn in uniforms rendered unserviceable due to wear and tear, and are reissued new uniforms at no cost to the technician. Based on the replacement of only two utility uniforms for Wage Grade employees and one dress uniform for General Schedule employees, at least $4.1 million could be realized in annual savings.

Furthermore, because of the current requirement to wear the military uniform while in civilian status, extra clothing and special equipment must be issued to each civilian technician. Based on an average of data compiled from five states, civilian technicians are issued approximately $9.9 million worth of additional equipment. If technicians were not required to wear the military uniform, this equipment could be returned to the supply system for reissue and substantial savings would result.

In these times of massive defense spending and the budget crisis under Gramm-Rudman-Hollings, Congress is looking at every possible way to reduce spending. Eliminating the requirement for civilian technicians to wear military uniforms is a feasible suggestion for cutting costs, with no adverse effect on readiness.

That concludes my statement. I will be happy to answer any questions.

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

STATEMENT OF LT. GEN. LAVERN E. WEBER, EXECUTIVE DIRECTOR, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

READINESS OF ARMY AND AIR NATIONAL GUARD

Chairman STENNIS. All right. That brings us now to the next witness, Lt. General La Vern E. Weber, Executive Director, National Guard Association of the United States.

General, we're glad you can be here.

General WEBER. Thank you, Mr. Chairman.

Chairman STENNIS. You proceed now as you see fit.

General WEBER. We are most appreciative to you and to the committee for the opportunity to come before you once again to spread before you some of the unique problems that we have in the Army and the Air National Guard.

It is always a pleasure to come here, because it gives us an opportunity to go on the record in thanking you personally, and this committee, for the many, many years of dedicated support to the Army and to the Air National Guard.

It has been good to the Guard in the lean years as well as the better years, and we are most appreciative of that.

Without objection, Mr. Chairman, I would like to ask that my formal posture statement be entered into the record, and I'll summarize just a very few of the problem areas as we see them.

Chairman STENNIS. Very well, the statement will be admitted.

General WEBER. The goal at NGAUS continues to be the improved readiness of the Army and the Air National Guard, and indeed, in so doing, to improve the readiness of the total force.

To do this, we continue to require manpower, equipment, and training resources. The Army, the Air Force and the Congress have been very helpful to us in these three areas, but we still have some problems remaining.

We continue to see new units coming into the Army National Guard and the Air National Guard without proper resources, primarily in the area of manpower, and in equipment.

MANPOWER

To be very brief, I would like to cover a couple of these. First in the manpower area, we recommend to the committee, to the Congress, that you support the manpower request that is in the President's budget from the Guard bureau.

Additionally, we need some additional technicians. We need about 500 additional technicians for the Army National Guard, and 284 for the Air National Guard.

GI BILL

To meet the manpower as well as the fulltime manning requirements we ultimately, I mean, we just have to have a new GI bill. It's a very,

very vital instrument. It has proven to be effective in bringing high-quality young men and women into the Guard and keeping them in the Guard.

And that to enhance the readiness of the Guard.

EQUIPMENT

Turning to the equipment, we have several critical areas. We have given a short summary of these issues to the staff. And in committee's analysis of those, if you think it is appropriate, we would appreciate those likewise being entered into the record.

I would like to talk about just two items in the equipment area that are vital. And I am sorry that Senator Stevens could not remain with us, because his State is impacted on one of them.

REQUEST FOR ADDITIONAL C-130 H AIRCRAFT

And that is, that through your leadership, primarily, Mr. Chairman, we have been successful in fielding eight squadrons of C-130H's. And those are out in our units.

Our problem is that we have only eight aircraft in each of those squadrons. This is the only airframe, the only weapons system in the Air Force, that does not provide for backup inventory aircraft. All others do.

The Air Force is very concerned that we don't have this load aircraft, if you will, in those units. So this year we're asking the Congress to give us 12 C-130H's as opposed to 8 to aid us in addressing this BIA issue.

Now, the one proposal came from the Air Force wherein they will take the eighth aircraft that is out there, and put it in the category of BIA, and leave only seven operational.

We cannot handle that. We cannot handle it out in our units, in that it results in a reduction in the authorized end strength in the unit; the authorized fulltime manning, the technician as well as the AGR; and probably the greatest deterrent to readiness would be the reduction in flying hours that would go with the loss of that eighth airplane as an operational airplane.

So we desperately need the 12 airplanes this year, and we hope that you can help us with that.

UPGRADING OF ANG TANK FORCE

An additional item that I would like to call to your attention is the upgrade of the tank force in the Army National Guard.

The program for tanks in the Army Guard are 420 for the M-1. Obviously, we would like to have 3,600 M-1's. But the cost of them and the time of production won't permit that to happen.

So what we are programmed to get is 420 M-1 tanks in the Army Guard, and over 3,000 M-60A3 tanks. The M-60A3 tank is a fine tank. It will not survive on today's battlefield. It is not comparable to the M-1. And we need it upgraded.

And we have had the opportunity to brief members of the staff in great detail on our proposal to upgrade that to an M–60A4 configuration, and we can do that.

And again, we are not critical of the M–1. We would like to have all M–1's. But we can upgrade the M–60A3 to the M–4 configuration with a third of the cost of a new M–1. So we would request—or would like to ask you to give special attention to that, and if at all possible, to fund that for us.

KEY PERSONNEL UPGRADE TRAINING

Turning from equipment now, we need some help in a program that the Army Guard has that they call KEPUP. That's an acronym for Key Personnel Upgrade Training. It provides individuals and small teams to work with the active Army in various opportunities, both in the United States and overseas.

It has proven to be very very valuable to us. And we are short some money in the 1988 request, and we need that plussed up by $5 million. That is a very small amount. But for that program, being a $20 million program, it's very critical. So we would like to request your assistance on that.

I believe that I will close my remarks, and be happy to address any questions that you may have, sir.

[The prepared statement of Lt. Gen. Weber follows:]

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

STATEMENT BY

LIEUTENANT GENERAL LA VERN E. WEBER

EXECUTIVE DIRECTOR

Mr. Chairman, and members of the subcommittee, I appreciate this opportunity to appear before you today to present the views of the National Guard Association of the United States on the readiness requirements of the Army and Air National Guard.

THE ROLE OF THE NATIONAL GUARD

This year marks the 200th Anniversary of the Constitution. We in the National Guard take great pride in the fact that the militia, organized 150 years before the Constitution, helped win the independence that made the Constitution possible. This historical significance was not lost to the authors of our Constitution.

The concept of the militia -- the citizen-soldier -- is embodied in the Constitution and provides an excellent example of a working state-federal relationship. This relationship exemplified a belief of our founding fathers -- that a citizenry ready to defend itself when needed, augmenting a small standing military force, is an unbeatable combination. Historically a call to duty of the National Guard has signified the nation's willingness to undertake the sacrifices necessary to protect our freedom.

From the adoption of the Constitution, and especially in recent times, Congress has taken a vital interest in the militia -- in the National Guard. The Guard's historical role was institutionalized with the creation of the Total Force Policy in the early 1970s. With congressional support the Guard has since become a full partner in the Total Force.

Army and Air Guard units are tasked to support worldwide missions in war plans developed in response to defense strategy directed by our national command authorities. Today's Guard trains, and in fact needs to train, worldwide to be prepared for its missions. This nation requires a well-equipped and well-trained National Guard if it is to be fully capable of fighting and winning any future conflict.

In order for the National Guard to meet all of its wartime deployment objectives, it must be manned, equipped, trained and properly led. Failure to fulfill any of these requirements jeopardizes the wartime capability and reliability of the Total Force. But equally important, our neglect of these requirements would show the world we do not have the will to defend our liberties.

Increased personnel manning, an influx of new equipment, and intensified training demands are all the consequence of expanded missions and readiness requirements placed on National Guard units. The National Guard Association of the United States continues to oppose expansion of force structure or missions for the National Guard unless fully resourced with the required manpower, equipment, training resources and facilities. To be effective partners in the Total Force, the Army and Air National Guard must be given the resources required to meet the readiness requirements of the assigned units and missions.

SELECTED RESERVE MANPOWER

Although equipment and training are essential ingredients of wartime readiness, an equally important factor in producing combat-ready National Guard units is the ability to recruit and retain sufficient numbers of qualified personnel. While the National Guard has been able to meet its manpower goals in recent years, it will become a much more difficult task as the service age manpower pool continues to diminish. Increased reliance on the Guard will place even greater demands on recruiting and retention efforts. At the end of FY 1986, the ARNG had attained a strength level of approximately 446,900 and the ANG had achieved an end strength of 112,600. With programmed growth of 12,000 in the Army Guard and 4,100 in the Air Guard by the end of FY 1988, and continued growth programmed through FY 1992, the effectiveness of recruiting and retention efforts will be critical to maintaining the readiness of the National Guard and the Total Force.

The success of the Army and Air Guard in meeting their strength goals in recent years has been partially due to congressional provision of a floor on authorized selected reserve strength. In FY87, Congress implemented an end strength ceiling on selected reserve strength, similar to the ceiling on active and AGR personnel. The previous provision of an average strength floor gave the Chiefs of the Guard and Reserve components the flexibility to take advantage of favorable recruiting and retention climates to exceed end strengths, provided the necessary fiscal resources were available. We urge the Congress to return to a selected reserve floor -- either average or end strength.

RECRUITING AND RETENTION INCENTIVES

There are a number of incentives that have been helpful in achieving required strength goals. They include enlistment and reenlistment bonuses; tuition assistance; and educational loan repayment programs. Some have been developed to serve a special purpose and are targeted to specific critical skills or occupations, such as medical professions.

The bonus and tuition assistance programs are important parts of the overall incentive package for recruiting and retaining high-quality targeted segments of the military population. They have been instrumental over the past few years in helping to reduce the shortage in many critical skill specialties. Their effectiveness has been hampered, however, by the limited periods of authorization.

Those incentives that have proven to be effective should be made permanent. The lapse in authority for enlistment and reenlistment bonuses in late 1985 resulted in a great deal of turbulence and confusion. Authority will again terminate on September 30th of this year, if not renewed prior to that date. The indefinite status of these programs is harmful to day-to-day recruiting activities. In addition, the tuition assistance program has been extended only one year, with limited participation, pending a DoD review of the program.

We realize pay and incentives of Guard and Reserve members are under review by the recently activated 6th Quadrennial Review of Military Compensation (6th QRMC) group. We expect its review will validate the need for and effectiveness of the various incentive programs. However, the 6th QRMC report to the President is not due until mid November -- too late to influence the authorization extension necessary on September 30th.

Although it is not targeted toward specific specialities, the New GI Bill Educational Assistance Program for the Selected Reserve has proven to be a valuable incentive for across-the-board recruitment and retention within the National Guard. By providing educational assistance, it serves as a very effective attraction to college oriented individuals. It promotes the Guard/Reserve all-volunteer program by assisting in recruitment of high quality personnel. It also improves retention through the six-year enlistment/reenlistment requirement and by authorizing participation only while in selected reserve status.

The success of the New GI Bill is probably best illustrated by the over 75 percent participation rate in the program by new Active Army recruits, and by the average participation rate of more than 57 percent within all Active Services.

Specific data on the participation rate within the Guard and Reserve is not available because the eligibility of both new recruits and six-year reenlistees has made it difficult to determine the number of total eligibles. However, the information which is available indicates the Guard and Reserve program is as successful as that of the Active

Services. Over 43,000 Guard and Reserve members were participating in the program as of the end of December, 1986. A recent National Guard survey indicated that 51 percent of recruiting and retention specialists considered the New GI Bill to be effective to "a very great degree" in recruiting new Guard members. Thirty-nine percent considered it to be equally as effective as a retention tool. Another 27 percent considered the New GI Bill to be effective to "a great degree" in both instances. Finally, the steady growth in Air National Guard six year enlistments/reenlistments/appointments, as a percentage of total enlistments/reenlistments/appointments, from 35 percent in FY 1984 to 48 percent in FY 1986 almost certainly reflects the value of the New GI Bill as a retention incentive.

The success of the New GI Bill as a recruiting and retention incentive certainly supports the proposed legislation making the program a permanent entitlement. The value to the military and the nation should far exceed the cost of the program, through higher retention, increased readiness, and eventual pay back through a higher-educated populace. The last point was made very clearly by the Speaker of the House in his response to the President's State of the Union Address on January 27th: "The very best financial investment this country ever made was the GI Bill of Rights at the end of World War II. It sent an entire generation of Americans to college. And our country has been reaping the benefits ever since. That program -- simply in greater taxes paid from higher earnings -- has actually repaid the Treasury about $20 for every dollar invested". In view of that type of pay back, administration proposals to reduce New GI Bill benefits at this time would appear to be shortsighted. We strongly support making the New GI Bill a permanent entitlement.

Due to the continued critical shortage of health care professionals and its potential impact on the initial warfighting capability of the Total Force, the National Guard Association also supports congressional and DoD initiatives to improve recruiting and retention in this area.

FULL-TIME SUPPORT

In addition to the Selected Reserve manpower requirements of the Army and Air National Guard, there is a growing requirement for full-time support personnel, who are essential to the production of combat readiness. These personnel perform those day-to-day functions which must be accomplished if a unit is to be effective during peacetime; i.e., personnel administration, supply accounting, maintenance of equipment and support facilities, and performance of day-to-day operations, all of which are essential to the training of Guard personnel. If a unit is to make maximum utilization of its limited training time, full-time personnel must be available to plan for, support and participate in unit training sessions.

The Army and Air National Guard have a mix of military technician and Active Guard/Reserve (AGR) personnel. The following table reflects the shortage of full-time unit support personnel that will exist in the Army and Air National Guard at the end of FY88 and FY89:

	ARNG		ANG	
	FY88	FY89	FY88	FY89
DoD Validated Requirement	68,214	70,658	33,742	33,691
Authorized Military Technicians	27,214	27,714	23,252	23,297
Authorized AGR	25,110	26,439	7,482	7,548
Shortage	15,890	16,505	3,008	2,846

In its FY 1986 annual report to Congress, forwarded by the Secretary of Defense on 10 February 1987, the DoD Reserve Forces Policy Board (RFPB) stated that "the readiness and the mobilization capabilities in all of the reserve components have shown vast improvements due primarily to the added emphasis provided by the full-time support personnel." A comparison of data in the same report showing percentage of full-time support manning and percentage of units mission ready (C-3 or better) would appear to confirm that conclusion. The components with the highest ratio of full-time support also have the highest readiness rating -- and have shown the greatest improvement over the past two years.

Despite such positive evidence and continuing increased reliance on Guard and Reserve forces, DoD and Congress have given less than enthusiastic support for filling full-time support manning requirements. In each of the past two years, there have been congressional proposals to freeze full-time manning at the prior year level, to severely limit growth in the AGR program, and to reduce Guard and Reserve full-time support personnel and replace them with active service personnel where required.

Possibly in recognition of those recent congressional proposals, DoD significantly reduced the Army and Air National Guard programmed AGR growth in the FY 1988 and FY 1989 budgets. The ARNG budget request has AGR growth of 1,329 for both years, compared to the approximate 3,000 and 4,000 growth previously identified for those two years in the five year defense program. The ANG budget request for FY 1988 also has been reduced in AGR growth from 1,300 to 300.

The National Guard Association believes the ARNG and ANG must be provided the full-time support manpower necessary to meet their increasing role in the Total Force. We also believe the use of Guard and Reserve full-time support personnel is more cost-effective, contributes to greater retention of highly-qualified and experienced personnel, develops unit cohesion and ultimately provides higher mission readiness than would a program of constant rotation of active service personnel into Guard and Reserve units. We agree with the DoD RFPB report which states:

> "The current full-time support system is preferable to disruption of the program which could be caused by assigning active component personnel to Guard and Reserve units in lieu of reserve component full-time support personnel. The Board recommends continued support of this vital full-time support program and to the increases sought by the Services."

We urge the Congress to partially restore and fund the programmed full-time support manning by increasing Army Guard strength growth by 500 in FY 1988 and an additional 500 in FY 1989 and Air Guard growth by 284 in FY 1988 and an additional 331 in FY 1989.

FAMILY SUPPORT

In many instances, the greatest impact on the ability to recruit and retain an individual in the Selected Reserve is the support, or lack of support, given by the immediate family of the member or prospective member.

Many legislative improvements have been made in recent years designed to encourage family support. The expansion of medical care and incapacitation pay for members, the provision of medical benefits to surviving dependents of members who die in any type of duty status, and the use of commissary facilities throughout the year are prime examples.

However, several inequities continue as irritants which could be corrected at little cost. The National Guard Association supports legislation which would provide health care and other benefits to surviving dependents of members who are eligible for retirement but who die before reaching age 60. We believe such benefits should be provided at the same time the survivor becomes eligible for an annuity. We also support legislation to provide a Survivor Benefit Plan (SBP) annuity to the survivors of retirement qualified Guard and Reserve members who died between 21 September 1972 and 1 October 1978 -- the so-called "forgotten widows." Finally, we support a change to the current SBP to remedy inequities which were implemented during the FY 1986 SBP revision. The National Guard Association has developed a proposed SBP revision and provided information to the 6th QRMC study group.

EQUIPMENT REQUIREMENTS

The most critical limiting factor to mission readiness in both the Army and Air National Guard continues to be equipment shortages. Although modernization continues through the efforts of the Active Services and Congress, significant shortages remain. The RFPB report indicated the overall DoD shortage of on-hand equipment and spares versus wartime requirements for Guard and Reserve forces at the end of FY 1986 had grown to $16.8 billion from $15.7 billion the year before. Of the total $16.8 billion shortfall, $10.7 billion is in the Army National Guard and $2.6 billion is in the Air Guard. Those figures do not even fully reflect the total costs for replacing or modernizing outdated, aging, substitute and non-deployable items currently in the inventory.

The strong support of Congress in recent years has significantly helped in meeting some of the most critical needs. With modern equipment, or at least compatible and deployable equipment, the National Guard can be an effective full partner in the Total Force. Such equipment must be provided to meet wartime requirements and initial training requirements of new units or missions.

The most urgent Army and Air National Guard equipment requirements are addressed in brief in the following paragraphs:

ARNG Air Defense Weapons Systems

There are no deployable air defense weapons assigned to six of the eight existing Army National Guard divisional air defense battalions. Currently, two of those eight battalions have been partially equipped with Chaparral missile systems.

We understand that the Army is reviewing the capabilities of three existing off-the-shelf line-of-sight (heavy) forward area air defense systems for possible procurement to replace the cancelled SGT YORK division air defense gun. In addition, the Army is examining three competing systems to provide non-line-of-sight divisional air defense coverage, and three pedestal-mounted Stinger systems for division rear area defense. As decisions are made for procurement on these air defense weapons systems, it is vital that the Army National Guard forward air defense requirements be included in that programmed procurement in order to fully modernize units currently equipped with non-deployable Duster air defense gun systems.

ARNG M60A3 Tank Upgrade Program

A defense issue that is of primary concern to the ARNG is the continued viability of the ARNG tank force. The ARNG provides approximately 44 percent of the Total Army's tank force. By the end of FY 90 the ARNG will have two types of tanks in its inventory: 420 M1 version of the Abrams Tank and 3,072 M60A3 tanks. From a readiness reporting standpoint the M60A3 tank is a viable system. However, in reality, the M60A3 tank lacks the survivability and mobility to face present and or future enemy armor and anti-armor systems.

A NGAUS study group has developed a conventional force initiative that concentrates on 15 product improvements for the M60A3 tank that are cost effective and available now and which would provide the requisite survivability and mobility of the tank system beyond the turn of the century at one third the cost of a new tank. This initiative provides maximum value for each modernization dollar and restores the quality of over 44 percent of the Total Army's tank force needed to assist in offsetting the numerical superiority of the threat tank force on the battlefield today and in the future. To implement that program, we urge that $38 million be provided in the FY88 Defense Budget for armor application and mobility test beds, and to modify and test five prototype vehicles. For FY89, we urge that an additional $25 million be provided to completely modify 12 tanks. Successful accomplishment of those actions will make it possible for the long-range program to upgrade all 3,072 M60A3 TTS tank to begin.

The M113 Family of Vehicles

The M113 Family of Vehicles includes several types of combat vehicles, all derived from the M113 armored personnel carrier. Army National Guard requirements for all types of M113 family of vehicles, to include M113 armored personnel carriers, M901 improved TOW vehicles, M577 command post carriers and M981 FISTV fire support team vehicles, total over 3,000 vehicles. There is a Total Army shortage of about 7,000 vehicles in the Active Army and the Army National Guard. We are told that the Army is ending its procurement of the M113 family of vehicles. Consideration should be given to continuing production of the M113 family of vehicles until all shortages have been overcome. Without continued production of those vehicles, ARNG mechanized infantry units will be reduced to walking infantry, and will not be able to effectively function as members of combined arms teams of tanks and armored personnel carrier-mounted infantry. That situation would severely degrade the combat-effectiveness of ARNG armor and mechanized infantry units. The National Guard Association urges that a program be established to fill Army National Guard M113 family of vehicle requirements over the next several years, and, in particular, to fill the Army National Guard shortages of armored personnel carriers, improved TOW vehicles, command post carriers and fire support team vehicles.

Simulators/Training Devices

The Army Guard and Army Reserve provide almost 50 percent of the wartime strength for the Total Army, yet their training time, training facilities and equipment are limited. Simulators and training devices are of tremendous value to Guardsmen and Reservists in helping to overcome those limitations. Current Army simulators and training devices are designed for use at major training centers with maximum utilization by large groups of soldiers. In the FY 1986 budget, the Congress authorized $5 million to fund research and development of training devices and simulators developed specifically for Guard and Reserve home station training. In addition, $50 million was provided for off-the-shelf purchase of currently available training devices and simulators for use by the Army National Guard. Low cost simulators and training devices suitable for use in the armories and training centers of the Guard and Reserve are urgently required to maximize the use of available training time and to increase unit readiness. We urge the continued funding of research, development and procurement of such devices.

Attack Helicopters

The Army program for the procurement of AH-64 attack helicopters for the Army and the Army National Guard will be ended with the procurement of 63 AH-64s in FY 1988. In the FY 1985, FY 1986 and FY 1987 Defense bills, the Congress directed that 18 of the AH-64s bought by the Army in each of those years would be assigned to the Army National Guard. When those 54 AH-64s are assigned to the Army National Guard, and when the programmed FY 1988 buy of 63 attack helicopters has been completed, the Army National Guard will still not have the deployable anti-armor attack helicopters needed to equip 12 of its 15 corps and heavy division attack helicopter battalions. LHX attack helicopters cannot be put in production to meet Total Army attack helicopters requirements until at least 1992 or perhaps later. Additional AH-64 attack helicopter procurement can overcome that shortage. Also, it is particularly important that a production base for the highly-effective AH-64 be maintained at least until the LHX has been accepted as an operational aircraft and is in production. We urge that the production of AH-64 attack helicopters be continued at the rate of seven per month, with at least 36 being procured for the Army National Guard each year until all requirements for attack helicopters in the Active Army, the Army National Guard and the Army Reserve are met.

Utility Helicopters

The Army is phasing out UH-1H utility helicopters from the active force, and replacing them with modern UH-60A Black Hawk models. The ARNG, with a requirement for 774 utility helicopters, is scheduled to receive 91 UH-60A's by 1991. We feel that it is vital that the aging Army National Guard UH-1H utility helicopter fleet be modernized at a faster rate. We urge the Congress to direct increased procurement of UH-60A's for the Army National Guard at the rate of at least 24 per year, to speed up ARNG utility helicopter modernization.

Fixed-Wing Aircraft

The Army National Guard has a requirement for 87 modern fixed-wing aircraft. Today, it has 12 C-12 and 13 U-21 modern aircraft, while the remainder of the fleet consists of obsolescent U-3s, U-8 and T-42s.

Procurement of 12 C-12J aircraft for the Army National Guard would permit the retirement of additional obsolescent aircraft from the ARNG inventory.

Mobile Subscriber Equipment

The Army has adopted an off-the-shelf, tactical corps area communications system called RITA, as its mobile subscriber telephone system (MSE). That system will permit commanders throughout an Army corps area to communicate with each other using vehicle-mounted telephones. Much like the cellular telephones now being used by business and industry in all major American cities, MSE will provide communications capability and flexibility hitherto unknown in the battle zone. However, unlike cellular telephones, MSE will have the added capability of transmission of either voice or data in both a classified (up to "secret") and a clear mode. The Army MSE procurement program is designed to sequentially provide MSE equipment to all elements of each of the five Army corps, beginning with the Third Corps. That means that as the Third Corps Active Army units receive their MSE equipment, all Army National Guard and all Army Reserve units tasked to fight with that corps will receive their MSE equipment at the same time. If budget requests for mobile subscriber equipment were reduced, it would not be possible to fully equip all corps elements as planned, probably to the detriment of Guard and Reserve elements of the corps. We urge continued full funding of the MSE program.

Miscellaneous Equipment

In FY 1982, the Defense Authorization Bill first included language which announced the intent of the Congress to provide funding for items of Army Guard ground combat equipment to be selected by the Chief, National Guard Bureau, based on his most pressing shortages. Each year since, Congress has provided such funds for both the Army and Air National Guard, which have been expended for communications equipment, howitzers, trucks, medical equipment, aircraft support equipment and other critical items. In FY 1987, $44 million was appropriated for the Army Guard and $50 million for the Air Guard for that purpose. Even after application of these additional funds, the National Guard will continue to suffer shortages in ground and air combat equipment, communications equipment and medical equipment. We urge the continued funding for miscellaneous equipment in FY 1988, in order that the Chief, National Guard Bureau, can most effectively apply the funds toward improved readiness of the Army and Air National Guard.

ANG Tactical Fighter/Interceptor Force

The Air National Guard contributes 78 percent of the total air defense fighter interceptor and 25 percent of the tactical fighter force. However, as of the end of FY 1986, the average age of the Air National Guard fleet was almost 19 years. The tactical fighter force of the ANG is currently equipped with a high percentage of F-4 aircraft, with an average age of over 20 years. The F-4 is an expensive weapon system to operate, and is in need of several modifications to maintain its wartime effectiveness. The NGAUS supports an increase in F-15 and F-16 procurement and urges the Congress to authorize and fund 24 F-16s for the Air National Guard in FY 1988 and in FY 1989 to speed up ANG robusting and modernization. Without additional procurement, the average age of the Air National Guard tactical fighter force will continue to increase.

Airlift

Modernization of the ANG C-130 tactical airlift fleet is essential because:

* There is no planned replacement of the C-130 in the tactical airlift role.

* The DoD decision to buy C-5/KC-10 strategic airlifter does not remedy the shortfall of intra theater airlift.

* The C-130A's presently assigned to the ANG lack the capability to meet the airlift requirements of the Total Force.

* The Air National Guard is currently performing 35 percent of the Total Force tactical airlift requirements. The remaining C-130A's, averaging nearly 30 years of age, require replacement.

* In FY 1978, Congress initiated an add-on program for modernization of the ANG tactical airlift units, and, over the last nine years, Congress has continued to provide modern C-130H's for the Air National Guard and the Air Force Reserve.

We consider it imperative that the congressionally-initiated program for new C-130H's be continued in FY 1988 and FY 1989, with 12 additional aircraft each year for the Air National Guard, to ensure modern forces capable of meeting Total Force airlift requirements.

The C-17 airlift aircraft is also needed to meet both the strategic and tactical role and is to be allocated to active and Guard units concurrently. The delivery of the C-17 to the Total Force will reduce manpower requirements and life-cycle costs, provide needed flexibility to airlift forces and speed up modernization of the Air National Guard. We urge full authorization and funding of the Air Force FY 1988 Budget Request of $1.2 billion for research and development and $724 million for procurement.

Aerospace Rescue and Recovery

The Air National Guard operates two combat rescue and recovery units, one in New York and one in California. Announced force structure changes reduced the authorized helicopter strength from six Primary Aircraft Authorization (PAA) to three, or a 50 percent reduction. Drawdown of these assets have been withheld pending a successful attempt to procure new helicopters for these units.

While the H-3 aircraft is very capable, it has become very maintenance intensive. Because of its age and shortage of parts, it currently requires four or five H-3s to be sure that one will be immediately available.

The NGAUS strongly urges Congress to provide authorization and funding to procure 12 MH-60G helicopters for the rescue and recovery units in the Air National Guard.

Mission Support Aircraft

Congress authorized four additional C-12J aircraft in FY 1987 but did not provide necessary funding. An immediate requirement exists to continue the congressional procurement initiative for an additional 12 C-12J aircraft for the Air National Guard in FY 1988.

Weapons Systems Upgrade

Recognizing that the ANG will of necessity be flying older, less modern aircraft into the 1990s, we believe that those older ANG aircraft should be upgraded. Upgrading of older aircraft extends the useful combat life of the aircraft and maximizes the combat potential achieved from the original investment. For example, a modified A-7, (the A-7 Plus) is a cost-effective solution to the need for a close-air support/battlefield air interdiction (CAS/BAI) aircraft. It would have lower relative cost than procurement of new aircraft of equal mission capability to support the ground forces and would allow its retention in the inventory past the year 2010. In addition to $63.2 million R&D funds requested in the Air Force Budget, there is an urgent requirement for an additional $20 million R&D and $44 million in procurement funds in FY 1988.

Communications Equipment

ANG combat communications units (70 percent of Total Air Force capability) and tactical air control units (60 percent of the Total Force capability) are all tasked for rapid worldwide deployment. There is an immediate requirement to procure state-of-the-art communications and electronics equipment valued at approximately $50 million. This would allow procurement of the most critical items.

FEDERAL SHARE OF COST OF ARMORIES

The law requires that the cost of new armory construction be shared between the federal government and the states at a 75/25 percent ratio. The states must also provide the land, provide site preparation and bring utilities to the property line plus 100 feet. Following construction and acceptance, the states acquire ownership of the armory and are required by current directives to maintain the armory at state expense and make it available for military use for 25 years.

State legislatures are often hard pressed to appropriate the funds required to both construct and maintain armory facilities. During the past two years, congressional action provided some relief to the states. Changes in law authorized, first 100 percent federal funding of armory expansion projects required as a result of changes in DoD construction criteria or standards relating to the execution of the federal military mission assigned to the unit using the facility, and second, advance federal funding for engineering and design costs on a reimbursable basis with the states.

Congress also authorized cost sharing of major maintenance projects for armories. As armories age, major repair or replacement costs for such things as leaking roofs, faulty plumbing or aging heating systems mount up rapidly. Often states defer the repair or replacement of aging major maintenance items because funds which otherwise might have been available for that purpose had to be used to cover the sharp rises in the cost of heating Guard facilities over the past few years. The provision of federal funds to share in the cost of major maintenance of National Guard amories, to include specific items such as repair or replacement of roofs, heating systems or other utility systems, should help to lessen the impact of the expanded demands on and utilization of armories.

The National Guard Association of the United States applauds the initiation of federal funding in FY 1986 for the provision of space, utilities and communications support of full-time federal personnel, performing a federal mission in existing armories. However, we are concerned that budget constraints have resulted in almost complete elimination of such funding in the FY 1988/1989 budget.

The estimated cost of an executable annual program providing support to Army Guard full-time federally paid personnel and 50 percent of the cost of major armory maintenance projects is $25 million.

SUMMARY

Mr. Chairman, I have appreciated this opportunity to present the views of the National Guard Association of the United States on actions needed to improve the combat readiness of the National Guard.

We strongly urge permanent extension of the New G.I. Bill as a critical recruiting and retention incentive program. We also urge that other effective recruiting and retention incentives be made permanent, and we support ongoing DoD and congressional efforts to improve manning in the health profession skills.

We urge strong support for additional full-time support personnel for both the Army and Air National Guard to partially restore the growth originally programmed in the five year plan.

We support legislative initiatives to improve family support of National Guard members.

We strongly urge increased efforts to fully equip and modernize the Army and Air National Guard forces.

Finally, we support full funding of the federal share of operation and maintenance of Army Guard armories.

Mr. Chairman, we recognize the serious problems associated with a large budget deficit. While resources devoted to national defense must be held to a minimum, we feel providing manpower, equipment and training support resources necessary to maximize the wartime capability of our Guard units will provide the most cost-effective capability possible. We certainly must maximize our wartime capability with the resources that can be made available, but we cannot afford to jeopardize national defense in the interest of economy.

We are grateful for the support which you and the members of this subcommittee have provided in the past, and we look forward to your continued support of National Guard requirements in the future.

Chairman STENNIS. Well, we appreciate your being here, and giving us the benefit of your counsel and advice, which is valuable to us, I assure you.

Things are building up. We are getting more and more of these items every year, and more and more consideration given to them.

General WEBER. Thank you.

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF MS. SYDNEY TALLY HICKEY, DIRECTOR, GOVERNMENT RELATIONS, NATIONAL MILITARY FAMILY ASSOCIATION

MILITARY COMPENSATION

Chairman STENNIS. All right, that brings us now to Ms. Sydney Tally Hickey, Director, Government Relations, National Military Family Association.

Well, we are delighted to have you here, and feel that your testimony will be helpful. So you just proceed now in your own good way.

Ms. HICKEY. Thank you very much, Mr. Chairman.

The National Military Family Association appreciates the opportunity to testify before this committee.

We request that the complete text of our written statement be included in the record.

Chairman STENNIS. Without objection, it will be included.

Ms. HICKEY. Thank you, sir.

Currently, military members receive 9.4 percent less in direct compensation than the private sector; and their indirect compensation is decreasing at an alarming rate.

The requested 4 percent raise in direct compensation for military members will not restore comparability with the private sector, and anything less will increase the disparity to 10 or 11 percent or more.

An increase in base pay is considered a permanent increase in compensation by the military family. Indirect compensation or benefits are often considered with good reason temporary.

A pay raise is very visible in a paycheck. A gain or loss in indirect compensation may not be as quickly discernible. However, that loss accumulates. One day the realization dawns that the family is in deep financial difficulty.

Forty-four percent of military wives are working. They contribute more to that family income than do their civilian counterparts. And yet the military family's income is less than that of their civilian neighbors.

HEALTH CARE FOR MILITARY

The out-of-pocket cost of health care for military families has risen dramatically. Since the direct care system cannot handle the 9 million eligible beneficiaries, military families are forced to use CHAMPUS and absorb the additional costs.

Over half the physicians in the United States do not accept assignment under CHAMPUS. Therefore, cost to the beneficiary for outpatient care average 40 percent in many areas, instead of the 20 to 25 percent that was the intent of Congress.

Increased costs are also borne by the Government. Since the military wife's income is so important to the family, they can't afford to lose it while she spends up to 5 hours or more taking the children to the military hospital.

The uniformed member, whose pay will not be docked, is more frequently the one to handle this task.

CHAMPUS's costs to the Government have risen more than general medical inflation. CHAMPUS is an outdated fee-for-service program.

Hospitals and doctors are increasing prices to traditional health benefit plans such as CHAMPUS to make up for the cuts in Government funding for Medicare and Medicaid, and discounts offered to pre-paid health plans.

The cost shifting will continue to escalate, the cost of CHAMPUS, for the Government and for the beneficiary. DOD's CHAMPUS reform initiative will increase the quality of and the access to health care for the beneficiary, and act as a cost-containment measure for the Government and the military family.

DEPENDENT EDUCATION

In much of the stateside, education of military children is not within the direct purview of this committee, the education of children is of priority for military families.

The decrease in impact aid funding negatively impacts on quality education. Funding provided to the local school districts for military B students is woefully inadequate. In some cases, only $22, when the intent of Public Law 874 was $775.

The mandated turnover of all section 6 schools may also detrimentally affect the education of military children, as well as create undesirable tensions within the local civilian community.

Military children enrolled in overseas Department of Defense schools should be assured of an education and facilities that are comparable to stateside schools.

The cost of housing across the United States and overseas has continued to escalate. The policy of the Department of Defense is to house military families in the civilian economy whenever possible.

When it became obvious that the basic allowance for quarters was not sufficient in many areas to cover 85 percent of that housing cost, Congress enacted the variable housing allowance.

That allowance was frozen for 1987, and a VHA offset was introduced.

MILITARY HOUSING PROBLEMS

I would like to quote from the San Francisco Chronicle of April 10: The uniform of poverty in the Bay area is not always tattered and dishevelled. Sometimes it is the neat green uniform of the U.S. Army, or freshly pressed Navy Blues.

Thousands of military people in the lower ranks of the Army, Navy and Marines, are struggling to raise families on military pay, and on housing allowances that do not cover the cost of living in and around San Francisco.

These young service families are in such dire financial shape that some of them are scrambling for handouts of food and clothes. Others are sharing apartments, and many couples have been forced to split up.

I note that San Francisco is part of the Navy's home porting initiative.

PCS MOVES

Permanent change of station moves continued to be a financial burden on the military family. Two dollars out of every three spent on such a move comes out of the service member's pocket.

The temporary lodging entitlement was one of those temporary indirect compensations, gone for those above the E-4 level before it could even be a dream for most service families.

There has been a tax on the commissary, threatened user fees at military hospitals, and loss of cost-of-living adjustments for retirees and survivors.

In summary, the value of direct compensation is obvious and immediate for all service members. The value of indirect compensation is of particular importance to the military family.

The force is married. Sixty percent of enlisted members, and 75 percent of officers are married. The retention decision of a married service member is a family one. NMFA urges this committee to consider the impact of lost indirect compensation on this decision.

Thank you very much, Mr. Chairman.

Chairman STENNIS. Yes, ma'am, thank you very much. We are glad you came, and we will be benefitted by this testimony. Come again when you wish.

[The prepared statement of Ms. Hickey follows:]

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF

SYDNEY TALLY HICKEY

DIRECTOR, GOVERNMENT RELATIONS

The National Military Family Association (NMFA) is a volunteer, non-profit organization composed of members from the seven uniformed services, active duty, retired and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members. NMFA appreciates the opportunity to express its views to this Committee.

Congressional action in the last two years has provided for an active duty dependent dental insurance plan, increased the per diem allowance for Permanent Change of Station (PCS) moves and authorized a demonstration of the CHAMPUS Reform Initiative.

In the same time frame, Congress has capped active duty pay raises, retiree and survivor cost of living adjustments, the Variable Housing Allowance, created a VHA offset and deleted the funding for the Temporary Lodging Entitlement (TLE) for E-5 and above. Dependent and retiree access to health care in the direct care system has decreased and CHAMPUS costs have increased.

DIRECT COMPENSATION

Currently military members receive 9.4% less in direct compensation than the private sector. The President's budget requested a 4% raise for FY 87. This raise will not restore comparability with the private sector and anything less will increase the disparity to 10% - 11% or more. The Cost of Living Adjustment (COLA) for retirees and survivors in 1986 is lost compensation that has a compounding negative effect.

The military wife contributes more to the family income than does her civilian counterpart. Yet, the median income for military families with children is below that of civilian families. Forty-four percent of military wives are now *working, but their unemployment rate is 10% higher than their civilian counterparts, because of the military lifestyle. Civil Service hiring preference within DoD should be of some assistance in this area, but to date only the Army and Air Force have issued implementing guidelines. Lowering the spousal preference to the GS-1 level would enable more of the younger wives to successfully compete for jobs. The services are providing employment counselors at many of their Family Support/Service Centers, but the staff at the Centers is not adequate.*

INDIRECT COMPENSATION

Medical Care

The costs of medical care have been rising for both the government and beneficiary, while access to care by military beneficiaries has continued to erode. The necessary and much needed emphasis on medical war readiness and quality of care has highlighted and exacerbated the access problem. Instead of complicated menus to attempt to get appointments in a Military Treatment Facility (MTF) and waits of 6 months or more for appointments, beneficiaries are being denied care in MTFs. The direct care system cannot handle the 9 million eligible beneficiaries. While CHAMPUS, an alternative to the direct care system, is costly to the government, it is often prohibitive for the beneficiary. Over 50% of the physicians in this country do not accept CHAMPUS assignment. In many areas of the country beneficiaries are paying 40% of their medical bills, not the 20% (active duty dependents) or 25% (retirees and their dependents) as was the intent of Congress. Since the majority of physicians do not accept CHAMPUS assignment, beneficiaries must pay up front, file complicated claim forms and in some cases wait up to 2 and 3 years for reimbursement.

The CHAMPUS Reform Initiative (CRI) is designed to contain medical costs for the government and the beneficiary, to provide some enhanced features (CHAMPUS PRIME) and to assure quality of care for the CHAMPUS patient. The CRI will increase utilization at the MTF for the more costly secondary and tertiary care and have more of the less costly primary care done in the civilian sector. Under CHAMPUS PRIME, primary care will be delivered to the beneficiary without the payment of deductibles, the normal 20-25% co-pay or the complicated and time consuming paper work. Instead, a nominal fee per visit will be charged to pay grades E-5 and above.

The Health Care Finder function of CRI will provide medical access virtually unknown to the modern military dependent. Access to the Health Care Finder will be 24 hours a day, seven days a week. The request for proposal does not call for the dismantling of the present CHAMPUS system, nor will it preclude beneficiaries from attempting to access the MTF as they do now. The contractors must make CHAMPUS PRIME so attractive to the beneficiaries that they will want to enroll in it. Mandatory enrollment is not a part of the CRI.

Thanks to extensive hearings held by Congress, the CHAMPUS Reform Initiative has received wide exposure. Interested beneficiary groups and potential bidders have had numerous opportunities for input. The request for proposal (RFP) leaves wide leeway for potential bidders to design parts of the plan to their own specifications. The RFP's technical language requires a multiplicity of reporting data and dates to ensure utilization management controls, cost containment review and quality of care controls. Under the present timetable, CRI will not be implemented until the spring of 1988 at the earliest.

An amendment to the House Armed Services Committee mark up on the CHAMPUS Reform Initiative could easily cause some bidders to fall by the wayside, since it would require the current RFP to be rewritten. Industry lacked interest in providing a dental insurance plan for active duty dependents until Congress actually appropriated the funds. This example is ample warning of their uneasiness in expending large sums of money preparing complicated contract proposals when there is not a clear intent of Congress to follow through on that contract. This amendment must be deleted immediately! The contractor bids on CRI are due May 27, 1987. If the RFP for CRI must be rewritten, it will delay the reform of the CHAMPUS system by a year of more if industry is willing to attempt to respond to proposals again. Meanwhile, the current rise im medical care costs will cause even higher government liability for CHAMPUS and some beneficiaries will continue to be left without health care.

The request for a test of "user" fees at MTFs, contained in the President's budget, appears to be another way of limiting the cost of medical care to the government, by denying care to the beneficiary. If there is "frivolous" utilization of the direct care system, it is because there is no case management within the MTF or the current CHAMPUS program. The CHAMPUS Reform Initiative will provide case management through the Health Care Finder.

The initiative from the House Armed Services Committee to provide a catastrophic cap for active duty families is strongly supported by NMFA. The cap will not affect the out of pocket expenses incurred because of CHAMPUS non allowables. It will only limit those expenses that are part of the CHAMPUS deductible and co-payments. It will provide some needed protection. It will allow the family to retain a modicum of financial integrity when faced with medical bills that would have bankrupted them and led to the loss of effectiveness of the military member.

Housing

The policy of the Department of Defense is that military famlies be housed on the civilian economy whenever possible. To this end, Congress authorized the Variable Housing Allowance (VHA) when it became obvious that the Basic Allowance for Quarters (BAQ) was insufficient in many areas to cover 85% of the cost of such housing. Yet, the VHA is a "lag" time benefit, reflecting growth in housing costs that occurred two years previously. Air Force Aid Society loan figures show a dramatic 30% increase in loans for basic maintenance from 1985 to 1986. Since these figures reflect the problem before the current VHA cap, the situation may well become tragic. The mandated extension of tour lengths in high cost of living areas increases this problem. The military force is married; 60% of enlisted are married and 75% of officers are married. Housing is of prime importance to a family, consuming a large portion of their budget and affecting their quality of life. Some military families have sought to lower their housing costs by accepting less than adequate living spaces, or having the sponsor endure three hour commutes. Others have sacrificed to retain a house in an area where they can reasonably expect to be reassigned. Still others "double up" to decrease their costs. In each case the current VHA offset penalizes these families for sound financial management. The VHA offset is a reduction in compensation.

Permanent Change of Station Moves

The military family continues to subsidize their own government ordered moves.

The services member pays $2.00 out of every $3.00 spent on a PCS move. The Household goods weight allowance for most service members has not been raised in over 20 years. The need for a Temporary Lodging Entitlemtnt (TLE) was recognized by Congress in 1983 when it authorized the allowance. Funding for the program was finally appropriated in 1985. In 1986, DoD reduced the benefit for the service family by computing the TLE on the same basis as the overseas Temporary Lodging Allowance (TLA), despite the fact that the TLA is available for sixty days and the TLE for only four days. In addition, the DoD formula is so complicated that the service member has not the vaguest idea of how much he will be reimbursed. In the FY 87 budget, Congress deleted the TLE for all military members above the grade of E-4. How many more years will service families be willing to subsidize their government ordered transfers?

Survivor Benefit Plan

Military families, no less than others, should be allowed to continually update their financial planning. The current initiative to allow the service member to withdraw from the Survivor Benefit Plan (SBP) with spousal concurrence could result in some surviving spouses being left without adequate protection. However, as long as spousal concurrence remains a requirement, NMFA supports this initiative.

Education

While much of the stateside education of military children is not within the direct purview of this Committee, the education of their children is a priority for military families. The search for quality education for their dependents often affects the housing decisions of service members and has a direct effect on the family's level of satisfaction with a duty station. The decrease in Impact Aid funding negatively impacts on quality education. Funding provided to the local school districts for Military "B" students is woefully inadequate, in come cases only $22, when the intent of PL 874 is $775. Military "A" students parents, on the other hand contribute little if any to the local tax base, and the payments for these children must be assured.

The mandated turnover of all Section 6 schools may also detrimentally affect the education of military children, as well as create undesirable tensions with the local civilian community. Military children enrolled in overseas Department *of Defense Dependent Schools (DODDS) should be assured of an education and facilities that are comparable to stateside schools. Their education opportunities should not suffer because of their parents' service to our country.*

Commissaries

The continual attack on the Coimmissary system is of extreme concern to military families. Commissaries provide savings of 1.3 billion dollars to patrons, while the cost to the government is only 650 million dollars. The military family realizes savings of 27% to 28% by shopping in the Commissary. Eighty-five percent of the shopping done in the Commissaries is done by enlisted members and their families. The prices of commodities in the Commissaries are relative stable worldwide, so the military family knows that their food budget is not going to soar when they move to high cost of living areas. Civilian industry has stated that they cannot keep costs stable worldwide. The Commissary is also an invaluable part of the social and community fabric of the military lifestyle. With the current budget constraints on all departments, it seems ludicrous to expend money on a test of the privatization of commissaries under the present circumstances.

Homeporting

NMFA is concerned with the effect the Navy's Homeporting program will have on the families involved. The majority of sailors assigned aboard ship are young with young families. To transfer these families into areas without adequate family support including housing, medical care, quality education and other quality of life programs would be disastrous. These ships do not remain tied to the pier, but deploy for long periods of time, leaving behind young, "temporary" single parent families. NMFA cannot express its concern for this situation too strongly.

In summary, compensation for the military family, both direct and indirect, is decreasing at an alarming rate. To replace one non-commissioned officer who leaves the service in his twelfth year, 4 or 5 new recruits and 12 years of training are required. The retention decision of a married service member is a family one. Over half of the active duty force is married. Is it cost effective to continue to reduce the compensation?

Association of Civilian Technicians

STATEMENT OF JOHN T. HUNTER, PRESIDENT, ASSOCIATION OF CIVILIAN TECHNICIANS

REPLACEMENT OF TECHNICIANS WITH AGR PERSONNEL

Chairman STENNIS. All right, that will bring us now to Mr. John T. Hunter, president, Association of Civilian Technicians.

Mr. Hunter, if you will come around and have a seat, please. We are glad to have you here, and you just proceed in your own good way.

Mr. HUNTER. Thank you, Mr. Chairman.

I would respectfully request that the prepared statement be made a part of the record, and I have a short summary of my prepared statement.

Chairman STENNIS. Yes, without objection, it will be so ordered.

Mr. HUNTER. Our organization appreciates the opportunity to present its views on the fulltime support program for the National Guard and Reserves.

Since 1948, all administrative supply and maintenance support for the National Guard has been provided by technicians. These technicians have been the cornerstone of the National Guard.

In 1976, the defense manpower committee recommended the technicians be replaced by active Guard and Reserve personnel.

The supposed replacement would save approximately $270 million. For the past 10 years every investigation, report or hearing has established that the AGR program did not save any money; in fact, it is far more costly than the technician program.

AGR personnel serve in active duty status with active duty allowances, benefits and pay, including a 20-year noncontributory retirement.

TECHNICIAN CONTRIBUTIONS

Technicians contribute to all benefits, and have no tax free allowances. The Congressional Budget Office establishes the average AGR cost at approximately $42,000 per year. Subtract the average technician cost of $30,000 per year, multiply this $12,000 by the 50,000 on-board AGR's, and you can save approximately $600 million a year by replacing the AGR personnel with technicians within the National Guard and Reserve.

Eventually, the Defense Department and the National Guard Bureau admitted that AGR's were more costly than technicians. The newest propaganda seems to state that AGR's are better suited to enhance unit readiness, and are more available than technicians.

This also has proven to be untrue. Technicians work the same schedules as AGR's, but provide many more available man-hours.

AGR's receive 30 days leave, but technicians only receive 13 days upon hiring, 26 days after 15 years of service.

Technicians are limited to accrual of 13 days sick leave annually. AGR's sick leave is unlimited, and includes travel to distant military health facilities.

AGR's are also absent for physical training—that's approximately 5 hours per week; 72 hour passes; and quality-of-life time off for attending weekend drill assemblies.

If you total up these hours, you're looking at approximately 672 hours of time off for the AGR personnel within a year's time.

UNIT LEVEL POSITIONS

The DOD's next argument in support of the AGR program is, somehow, AGR's are better suited for unit level positions and technicians for maintenance positions. But there is no evidence to support this policy. And the National Guard bureau only wants to apply it to the Army National Guard.

In the Air National Guard the positions are alternated regularly between AGR and technician. There is no AGR assignment that can't be performed by a technician. In fact, there are no AGR work assignments that are different than those currently or previously performed by technicians.

DEPLOYABILITY

Next we have deployability. The DOD and the National Guard bureau testimony leads one to believe that the AGR is a vibrant, combat-ready force ready to deploy, while technicians are not.

This is far from the truth. Thousands of AGRs are technicians who converted in place. Many more are retired municipal and county employees. Thousands of AGR's are in nondeployable positions, in stark headquarters, and in recruiting and training assignments.

By contrast, the technician is required by law, Public Law 90–486, to hold a compatible military position, be combat-ready and trained, and must deploy with his assigned unit.

Basically, we have two programs, the AGR and the technician program. Both are doing the same job, and either enhances unit readiness.

The major difference is that the AGR program is far more costly than the technician program.

Simply stated, if the technician is a deployable asset, provides more productive time than the AGR, and is a lot more economical to employ, then why does the AGR program continue to grow?

RECOMMENDATIONS

I respectfully submit the following recommendations. No. 1, extensive hearings are required on the full-time support program in the National Guard and Reserve forces.

No. 2, the committee should dispatch surveys and investigation team into the various National Guard units and Reserve units.

And No. 3, the committee should support a phase-out of the AGR program through attrition. All fulltime support positions should become technician positions, controlled by the Office of Personnel and Management's job-grading standards.

When each AGR's tour of enlistment expires, he or she should have the option of applying for a deployable technician position.

This slow phase-in period will allow an orderly transition, and have no impact on the day-to-day operation of the National Guard or the Reserve forces.

In closing, I would like to take this opportunity to thank you and the members of the committee for your continued support of the National Guard and Reserves.

I am prepared to answer any questions you might have, Mr. Chairman.

Chairman STENNIS. Thank you very much. I think your testimony is very relevant and worthwhile, and it will be of value. Especially thank you for being willing to come here and give it to us.

Mr. HUNTER. Thank you, Mr. Chairman.

Chairman STENNIS. All right; we will be calling you again, I expect.

[The prepared statement of Mr. Hunter follows:]

ASSOCIATION OF CIVILIAN TECHNICIANS

STATEMENT BY
JOHN T. HUNTER
PRESIDENT

Mr. Chairman and Members of the Committee:

Our organization appreciates the opportunity to present our views before the Subcommittee on Defense Appropriations on matters concerning the most appropriate and economical full-time support personnel for the National Guard and Reserves.

Historically, since 1948, all administrative, supply and maintenance support for the National Guard was provided by technicians. According to the National Guard Bureau, the technician program was the "cornerstone" and "backbone" of the National Guard.

In 1976 the Defense Manpower Commission recommended that the civilian employees be replaced by Guardsmen and Reservists serving on active duty - Active Guard and Reserves (AGRs). The Commission's reasoning for this proposal was that the AGRs would be more cost effective than technicians and a substantial savings could be realized - approximately $ 270 million.

Subsequent investigations and reports indicated that the AGR program was far more costly than the technician program; that it did not produce any increased efficiency; and that it had a devastating effect on the technician program. Initially, over 6000 Army National Guard technicians converted to

AGR status. The referenced reports are the Management Consulting and Research, Inc. (MCR) Report of November 1980, the Report by the Surveys and Investigations Staff of the House Appropriations Committee (S & I) of June 1983, the General Accounting Office (GAO) Report of June 1985, and the Congressional Budget Office Report of November 1985. Page 35 of the CBO Report indicates $ 42,000 as the average cost per AGR, per year. This figure is due to the high rank of AGR personnel and includes retirement accrual. (Attachment No. 1).

A factor that has caused much turbulence and reduced morale in the stable technician program, controlled by civil service rules and regulations, is the great disparity in pay and benefits between the two programs. The AGR working side by side with the technician, and doing the same job, is receiving more pay and benefits. The AGR receives all the benefits of military personnel serving in the active forces, including a 20 year retirement, but is not subjected to any of the demands placed upon his active duty counterpart. Is it any wonder that the Army and Air technician becomes demoralized when he is forced to work with AGR personnel who take home more money, receive more leave, and retire at an earlier age with less service.

The AGR also provides less available man-hours than the technician. Both work the same work schedules but the AGR has more available time off. The AGR comes on board with 30 days of annual leave. The new technician accumulates 4 hours per pay period to total 13 days per year - 26 days annually after 15 years of service. The technician is limited to an accumulation of 13 days per year of sick leave. The AGR's sick leave is unlimited; including the hours of travel required to reach the nearest facility providing military health care. Add time off for physical training, 72 hour passes, and "quality of life" time off for attending week-end training assemblies, and the AGR's work availability continues to diminish.

To add to the already established excessive cost of the AGR program, we recently discovered the existence of an "AGR Fund" which is to be utilized for recreational items. One particular fund had expenditures for a table tennis set, microwaves, exercise video tapes, a van rental (to attend a pro football game), and for various parties. The "AGR Fund" is financed at $ 4.00 per AGR per month. The approximately 50,000 AGRs accumulate $ 2,400,000 in their AGR fund. (Attachment No. 2).

The Appropriations Conferees previously stated that "cost should remain a principal factor in determining which type of full-time support personnel are utilized within the DOD components. It has been proven over and over again, that the AGR is more costly than the technician - DOD admits it. Yet, the AGR program continues to grow. The previously quoted S & I Report also stated that any growth (whether AGR or technician) would enhance readiness in the National Guard. This same reference can also be found on page 26 of the 1985 House Appropriations Committee Report. AGR personnel and technicians perform the same duties. AGRs have no special tasks or missions. They both achieve the same results. Replacing on-board AGRs with technicians would save over $ 500 million per year.

General Temple, Chief of the National Guard Bureau, wants all Army National Guard positions, at the unit level, to be AGR. He states - "The mix doesn't work." But, General Conaway, Air Guard Director, wants a "mix" of 75% to 25% - technician to AGR. General Burdick, Army Guard Director, says AGR soldiers are better suited for unit support and technicians are better suited for maintenance. Yet, he has no evidence to support this position and he also states that all technicians and AGR personnel are fully eligible for mibilization and deployment with their units.

All of this conflicting testimony is aimed at converting technician positions to AGR status. Currently, AGR staffing guide positions at unit level are being filled while unit administrator technician positions are left vacant. Air Guard positions are flip-flopped back and forth between AGRs and technicians. Merit promotion opportunities are equally available to AGRs and technicians with AGRs usually selected and AGR personnel are laterally transferred to technician positions, without competition or qualification, to accommodate their military grades. If the National Guard Bureau is permitted to continue its' present policy, and to expand upon it, eventually all technicians will be in low-graded positions and the end of the technician program will be in sight.

Mis-management of the AGR program continues to be prevalent. I won't list the many horror stories that have been previously brought to the attention of this Committee. But, let me just cite a most recent example. A production control position was advertised at technician grade GS-7 or AGR grade E-7. It was determined that fully qualified applicants wouldn't be available so a technician would be required to enter at the GS-5 level and to subsequently advance to GS-7. The same criteria wasn't applied to the AGR. A non-qualified E-7 Guardsman was hired into the position at the master sergeant rank. The technician is continually the poor relation in the full-time support program.

Deployability is another area of serious concern. The Congress is regularly informed that the AGR is a deployable asset. Yet, it has been revealed that thousands of AGRs are assigned to non-deployable units such as STARC headquarters - State Area Command. For example - in New York 33% of the AGRs are assigned to STARC and in Pennsylvania it is 48%. STARC units do not deploy - they are not issued "loading dates" or "departure dates" on mobilization plans because they have no place to go. General Burdick recently testified that STARC units "mobilize in place". That's an interesting statement - thousands of AGRs, many in high military grades, all assigned to units that stay home. It should also be noted that hundreds of AGRs are full-time recruiters that do not train, work or deploy with assigned units.

By law (PL- 90-486) all technicians are combat ready and trained and must deploy with their units. Since technicians are required by law to hold a compatible military position, are combat trained and ready to deploy with their units, and are far less expensive than AGRs, why does the Congress continue to expand the AGR program rather than the National Guard technician program? In a 6 year period, FY-80 to FY-86, the AGR program grew from 0 to 50,000 while technician growth was minimal.

I respectfully submit the following recommendations:

Recommendations

1. I believe estensive hearings on the full-time support program in the National Guard are required.

2. Another Survey and Investigations team should be dispatched into the various National Guard units.

3. The Committee should support a phase-out of the AGR program through attrition. All full-time support positions should become technician positions controlled by OPM job-grading standards. When each AGR's tour of enlistment expires he/she should have the option of applying for a deployable technician position. This slow phase-in period would allow an orderly transition and have no impact on the day to day operation of the National Guard and Reserves.

In closing, I would like to take this opportunity to thank you and the members of this Committee for your continued support given to the National Guard and Reserves.

Full-Time Support Personnel. Under the Administration's plan, by far the largest increase in Army reserve manpower costs would be for full-time support (AGR) personnel. The annual costs of this category of personnel would rise by over $1.5 billion between 1986 and 1990. These personnel are generally more expensive than active-duty personnel because they have more military experience. The pay and benefits (including retirement accruals) of the average person on active duty are projected to average $29,100 in fiscal year 1986. By contrast, the average pay rate for full-time military personnel (AGR) who assist the reserves is estimated to be $42,000. The difference results from the higher average entry pay grade for AGR personnel joining the reserves.

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS 104TH TACTICAL FIGHTER GROUP (ANG)
BARNES MUNICIPAL AIRPORT WESTFIELD MA 01085-1385

13 February 1987

TO: All AGRs

1. This letter is to inform you more fully about what the AGR fund is, who runs it, how you can use it, how to get access to it and how much money you have.

2. You noticed I said money you have. As the AFA, I only keep the books, which are available in my office for anyone to review at anytime.

3. The AGR fund is money that each AGR/Active AF accumulates as a group (approx $4 per person, per month) to be used as outlined in Division Operating Instruction (DOI) 176-10. Copy for all to read in my office.

4. In a nutshell, it says you get this money because, as AGRs/Active AF, you are classified as an isolated unit in an organization that does not have convenient access to or is able to participate in main base MWR facilities and programs provided by a central base fund.

5. The Shaw AFB Central Base Fund (9AF) handles our fund, ie, they approve/disapprove requests for use of the funds and mail out the checks and then hold me responsible for the bookkeeping.

6. How much are we talking about? We, as a group, accrue approximately $600 per quarter or $2400 a year.

7. How do you spend this money? See your AGR fund representative - TSgt Farr, TSgt McDade, TSgt King, SSgt Lemanski or me.

8. How has your money been spent in the past? Here are a few examples:

a. Table Tennis Set/Engine Shop - $158.00

b. Microwave/CE - $169.00

c. Unit Christmas Party - $500.00

d. Gas Grill/Weapons/Avionics - $199.00

e. ORI Party/All - $850.00

f. Video Tapes/Exercise Class - $229.00

g. Athletic Equipment/All - $246.00

h. Ops/Maintenance Ski Meet - $75.00

i. Microwave Ovens/RMS/LGT/Avionics MX/Engine Shop/Admin Bldg - $1300.00

j. Van Rental, Pro Football Game - $199.00

These are only some of the things, but gives you some ideas along with the survey Steve Farr sent out.

9. As of now, we have $912.86 in the fund to spend, so we need to decide what to use it for.

10. Finally - I do not approve/disapprove requests from you on the use of the AGR funds. The AGR representatives review your request, send them to me and I go to Shaw AFB, by letter, requesting the money. If you have a better plan/idea, please see me about it. I'm open to your ideas and suggestions.

Jeffrey L Bombeck
JEFFREY L. BOMBECK, Major, MA ANG
Air Force Advisor

NON COMMISSIONED OFFICERS ASSOCIATION

STATEMENT OF C.A. McKINNEY, LEGISLATIVE COUNSEL, NON COMMISSIONED OFFICERS ASSOCIATION

FUNDING ISSUES

Chairman STENNIS. That brings us now to Mr. Henry L. Walther, president, U.S. Defense Committee.

Is Mr. Walther here?

All right, we guess that Mr. Walther could not be here. If he comes in, notify me if you will, please, and we will hear him anyway.

Next I have here Mr. C.A. "Mack" McKinney, legislative counsel, Non Commissioned Officers Association.

We are glad to have you here, Mr. McKinney.

Mr. McKINNEY. Thank you, Mr. Chairman.

Chairman STENNIS. It sounds like important business you're on, so just proceed.

Mr. McKINNEY. All right, thank you, sir. Good seeing you again.

Chairman STENNIS. Nice seeing you, sir.

Mr. McKINNEY. I want to thank you for this opportunity to be able to present the views of my association here today on the defense appropriations requests.

In my prepared statement, Mr. Chairman, we have listed on the last couple of pages, in order of preference, by the way, the important funding issues that are of concern to the active duty military personnel and their dependents.

BASIC PAY AND QUARTERS AND SUBSISTENCE ALLOWANCE

At the top of the list is a 4-percent increase in basic pay and quarters and subsistence allowance. No other item of compensation or benefit is more important to our servicemen and their families today.

When you give a pay increase, everyone benefits. And NCOA, therefore, urges the funding of the President's full request, to be effective on January 1, 1988. And NCOA is opposed to any delay beyond that date.

In addition to the five successive paycaps suffered since 1982, a compression of pay in enlisted grades E–4 through E–7, carrying a larger share now of the cost of participating in morale, welfare and recreational activities; inadequate reimbursement for permanent changes of station; and higher costs for renting civilian housing; and, currently, the devastating drop in the value of the dollar overseas.

Congress has already pushed back pay hikes from October to January. And we believe any further delay is totally unwarranted.

HEALTH CARE PROGRAMS

Next on the list is an improved health care program that meets the purpose of chapter 55, title X of the U.S. Code. And I quote, Mr. Chairman:

> To create and maintain high morale in the Uniformed Services by providing an improved uniformed program of medical and dental care for members and certain members of those services and their dependents.

We believe that, if Congress would do this, it would fulfill the high moral obligation it has to the men and women who serve or have served in our uniformed services.

HOUSING COSTS

We have asked for other things. Increase and sustain the BAQ and VHA rates to cover 85 percent of the national median housing cost, as originally intended by law.

Currently, BAQ and VHA covers only 81 percent of the cost, and will be lower if the budget request is approved.

We also request that MWR programs and facilities in metropolitan areas not be lowered, and that they be provided at the same rate as for those outside the metropolitan area.

The reason we do that, Mr. Chairman, is simply because, who is suffering? It is not DOD suffering when you take money away from DOD. It is those young men and women out there that we rely on to wear that uniform and serve in that uniform for the betterment of this country and its defense of the Nation and our civilians and citizens.

So those are the people that get hurt. It is not the DOD people at all. They are going to live in that palace over there, one way or another.

But I am concerned, and my association is concerned, for those young people out there in uniform. You take, for example, golf courses. They say, all right, you have golf courses and competition here in the metropolitan area, and why should we have them on a military installation.

Well, I would suggest that anyone who thinks that golf courses are easy to use in a metropolitan area, go out there and try to use one.

So we do have them on the bases for the troops to use, and I think it's only fair that we continue to provide the funding for it.

PERMANENT CHANGE OF STATION

We also seek to fund adequate PCS, permanent change of station, reimbursements for our troops, and in an amount that more closely matches the total that we give to our Federal civilian employees.

For example, we could use double dislocation allowances. They are already authorized by law today. And temporary lodging expenses for all service members, and not just a select few.

DOD came here to Congress last year saying that the temporary lodging expenses were not used. And they were right. Do you know why, sir? Because they never told the troops that it was available to them.

So we suggest and recommend that it be funded if you possibly can.

And last, in my oral statement here, Mr. Chairman, is that we do seek that there is funding for the catastrophic cap on CHAMPUS $1,000 for active duty personnel.

And in addition to the funding, we would urge the subcommittee to insert language in its bill that prevents the use of appropriated funds that, one, imposed a user fee on out-patient medical care received in medical treatment facilities; and two, directs the Department of Defense or any of its military departments to test privatization of military commissaries.

Thank you, Mr. Chairman. There're more. I hope you and the members of the subcommittee will take time to read our recommendations, and do whatever you can for those young men and women that we count on to defend our Nation.

I ask that the full text of my prepared statement be included in the record.

Thank you, sir.

Chairman STENNIS. Without objection, it will be included in the record.

Well, we thank you very much. And we certainly will carry out that reasonable request of yours, and use your testimony in trying to get at this thing. I feel like what you said has some merit.

And we thank you for taking the time to come and give us this testimony.

Mr. MCKINNEY. Have a good day.

[The prepared statement of Mr. McKinney follows:]

NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

"STRENGTH IN UNITY"

STATEMENT OF

C. A. (MACK) McKinney
Sergeant Major, U.S. Marine Corps (Ret.)
Legislative Counsel

MILITARY PERSONNEL PROGRAMS
U.S. DEFENSE BUDGET, FYs 1988 & 1989

The most fruitful product in its defense buildup this nation has experienced since 1980 is the high-state of readiness of our military personnel. Today, the American public enjoys the best-of-premium military manpower ever in the peacetime history of the United States.

The quality is superb. The discipline is most unique in a democratic society. And the dedication is surprisingly admirable in an all-volunteer force scenario. It's doubtful military personnel readiness can improve beyond the current status.

But it hasn't always been this way. In the early 1970s, when Congress choose to adopt the all-volunteer concept the Department of Defense (DoD), under direction of the Administration, began an all-out effort to slash or terminate many of the military personnel programs then available to servicemembers.

Along with losses in purchasing power and promised benefits, the quality of accessions dropped to an unacceptable level. Most recruits were untrainable and incapable of comprehending the need for military discipline. The result was pure devastation.

Tens of thousands of middle-grade commissioned, noncommissioned and petty officers bailed out as soon as they were able to do so. Thousands of senior commissioned, noncommissioned and petty officers retired at an earlier year than previously planned. Personnel readiness fell to a new low. The Navy couldn't get its ships to sea and the Army found itself far short of experienced soldiers in the combat arms.

Congress waited until 1980 before it awoke to the seriousness of the problem. By the end of that year a healthy increase in basic pay and allowances occurred, followed in 1981 with the first targeted pay hike, apparently the only one of its kind to address the compression issue in the 20th Century.

It appears now that Congress may be dedicated to repeating its mistakes of the 1970s. It has agreed to five consecutive pay caps that together have left a greater margin of difference in military and civilian pay than existed in 1979. It has caused the servicemember to carry a larger share of the costs of participation in morale, welfare and recreational (MWR) activities. It has adversely changed the military retirement system to make it less attractive for future servicemembers. It has cut, among others, bonus monies, variable housing allowances, recruiting and advertising funds, permanent change of station reimbursements, MWR funds, and cost-of-living adjustments to military retired pay.

Congress has also permitted the military health care system to reach a new low in serving the military community. And it has caused a quagmire of disenchantment because of a biased approach to former spouses issues and the total lack of support for military retirees when considering cost-of-living adjustments (COLAs) to other federal entitlements.

All of these contribute to a probable decrease in future recruiting and retention rates. Congress can ill-afford to subscribe to the 1970's theory that "recruiting and retention are doing well so there's no need to continue or improve current quality-of-life programs for military personnel apparently content with their lot."

Congress must remember, not only the 1970s, but that DoD (at the direction of the Administration) carries the messages to Capitol Hill. Many of them are molded to fit the budget, not the issues that are pertinent to the success or failure of the military's personnel readiness status. And let's not forget that it was DoD which gave such a good account of military manpower in the preceding decade. Its false bravado contributed greatly to masking the coming mass exodus of military talent in the mid and late 1970s.

In its consideration of the proposed defense budget for the next two fiscal years, Congress should pay greater attention to the needs of uniformed personnel, past, present and future. As much concern as given to big-ticket items must be the goal of the panels having oversight of defense programs. Their recommendations for people issues in FY 1988 and FY 1989 will be most crucial to the success of sustaining the high quality and superb readiness capability of armed forces personnel.

Concurrently, oversight panels will be looking at fundings for other items, i.e.- recruiting and retention, permanent changes of station (PCS), travel and transportation, education, health care, and commissary privileges. Each play a major role in attracting and retaining quality uniformed personnel in the armed forces.

These programs are of considerable interest to the Non Commissioned Officers Association of the USA (NCOA). By virtue of its involvement over the years with active, reserve and retired members and the annual congressional process, NCOA has been invited by the appropriate panel to comment on the issues that are of concern to career enlisted men and women who are appropriately referred to as the "Backbone of the Military." They are the noncommissioned and petty officers who make things happen, take care of the troops, look after the officers and solve the problems.

Currently, the top enlisted chiefs of the five armed forces and the many men and women in the NCO/PO ranks want Congress to know there are negative signs appearing on the horizon. In addition to those mentioned earlier, recruiting and retention funds are not adequate for the mission, the market for eligible young men is declining, morale is beginning to slide, the Armed Services have failed to meet their retention objectives for the first four months in FY 1987, and the NCOA director of Veterans' Job Fairs reports more and more younger active duty members are seeking civilian jobs.

Certainly there's an awareness in NCOA and by NCOs/POs of the mounting deficit. But this consciousness is overshadowed by the apparent similarity to the 1970s' alarm over spiraling inflation. That so-called national crisis was a major cause for a string of military pay caps and reductions in or termination of many promised personnel benefits.

The pay caps were to be an example for the private sector. The reductions and terminations occurred in an effort to "refine" personnel costs, particularly for active duty and retired servicemembers. The strategy failed. Civilian wages continued in most cases to outpace inflation and the loss of pay and benefits caused many former servicemembers to vote with their feet.

Today's servicemembers fear that more pay caps will continue to keep family incomes below those of their civilian counterparts, while at the same time deluged with tales of soaring deficits and how fortunate they are to be employed. It's ludicrous to many senior members to hear of the suffering of the civilian sector; i.e.- unemployment, lay-offs, etc.; when in the more than 200 years of history (with but one probable exception) that sector never gave a hoot whether or not the military was adequately compensated.

More than half of today's servicemembers have families that require housing, education, recreation and those opportunities available to their civilian counterparts. All cost money. Congress must either provide the means or the wages for it was the legislative bodies that permitted the recruiting of new members, married or with family, and did not discourage younger members from marrying and having children who would be and are dependent on the federal government to provide the necessities of life.

Listed below are those items, by priority, that NCOA believes should be funded for FY 1988.

o Four (4) percent increase in basic pay and BAS and BAQ allowances.

o An improved health care program that meets the purpose of Chapter 55, 10 U.S. Code, and fulfills the high moral obligation Congress has to the men and women who serve or have served in the uniformed services of the United States.

o Military end strengths at FY 1987 or higher levels.

o Increase and sustain BAQ/VHA rates to cover 85 percent of national median housing costs for members of the same grade.

o MWR programs and facilities in metropolitan areas (the same as for those outside of metro areas).

o PCS reimbursements that more closely match the total of those for federal civilian employees; i.e.- double dislocation allowance and temporary lodging expense for all servicemembers.

o Catastrophic cap of $1,000 for active duty dependents using CHAMPUS.

o Equal per diem payments for officers and enlisted personnel.

o Severance payments for enlisted personnel (if authorized).

o Improved career sea pay incentives.

o Accelerated recruiting program with related monetary incentives, including New G.I. Bill supplemental benefits.

In addition, NCOA urges the subcommittee to insert language in its bill that:

o Prevents the use of appropriated funds that; 1)- impose a user-fee on outpatient medical care received in a medical treatment facility (MTF), or 2)- direct the Department of Defense or any of the military departments to test privitization of military commissary stores.

Thank you.

INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS, INC.

STATEMENT OF DR. WALTER BEAM, CHAIRMAN, DEFENSE RESEARCH AND DEVELOPMENT COMMITTEE, THE INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS, INC.

RDT&E CONCERNS

Chairman STENNIS. All right, we come now to Dr. Walter Beam, chairman, Defense Research and Development Committee, and Institute of Electrical and Electronics Engineers, Inc.

All right, we are glad to have you here, and you just proceed now in your own good way.

Dr. BEAM. Thank you. I am very pleased to have the opportunity to speak here.

Chairman STENNIS. Well, thank you, sir.

Dr. BEAM. I am chairman of the Defense Research and Development Committee of the Institute of Electrical and Electronics Engineer, which is the world's largest technical professional society.

Our membership in the USA alone is 229,000 individuals.

The committee which I chair, which is composed entirely of volunteers, was established to develop and voice Institute views on R&D programs and policies of the DOD.

We see ourselves in an amicus curiae role. We are an individual membership organization, not a trade group.

THREE AREAS OF IEEE CONCERN

In testimony today I am going to address three related areas of IEEE concern which we believe to be meaningful to the committee's deliberations and actions on the 1988 defense budget for RDT&E, research, development, test, and engineering.

The first of these is a need to restrengthen the technology base, which consists of the 6.1 and 6.2 programs of DOD.

The second, within the technology base, is the need for electronics material research.

And the third, also mostly within the technology base, the support of measurement science, or metrology.

TECHNOLOGY BASE

In the fiscal year 1988 budget request, RDT&E funding is proposed to rise by 18.3 percent over the previous year. Within this the research, or 6.1 programs, increase about 2.9 percent; the other portion of the technology base, the 6.2 or exploratory development, would rise by about 6.9 percent; both well below the average.

From 1974 through 1980 from the Office of the Secretary of the Air Force, I helped to restore these technology-based programs to a state of health after an extended period of neglect.

But since 1981 the portion of RDT&E which they represent has dropped by about one-half. These programs are absolutely critical to U.S. technological strength, not only militarily but otherwise.

This is especially true since industrial research, which built up in the 1950's and 1960's, and I was there in industrial research at the time, has been followed by a steady decline in industrial research support since about 1970, and this is attributable to the short-term focus of most business in the United States, which continues.

Programs at the 6.1 research level and most of those in 6.2 historically have had high yields in technology transferable to the commercial sector, which is in contrast to the applied research dedicated to a specific objective such as Apollo or SDI for example, since in the dedicated programs research is usually dropped just as soon as system needs are seen to be met or not met.

Rather than leave this argument for a healthier tech base this is simply a plea for more budget, which in light of the DOD budget proposal suggests we may be coming to the wrong body.

TECH BASE ACTIVITIES

I would like to describe two specific tech base activities, one of which has been recognized within the DOD probably only after preparation of the fiscal year 1988 budget, and the other unattended principally because advocacy falls between the cracks.

The first of these two is research in electronic materials, principally the materials required for new semiconductor devices which have not yet achieved commercial importance. Proving device workability in semiconductors has from the very beginning at Bell Telephone Laboratories relied on superbly uniform and untainted crystals. Materials for new high-speed and optical devices provide new challenges in crystal creation, which requires very sophisticated effort.

Only much later will production make these crystal processes seem routine when the military and commercial markets develop a volume demand. The Defense Science Board Special Task Force in its recent report on semiconductor dependency recognized this problem in one of its central findings.

CENTERS OF EXCELLENCE

Over the past 2 years, we at IEEE, along with DARPA's Material Research Council, have together and independently and more recently together with DARPA's Materials Research Council, concluded that there is a need for centers of excellence which would be industrially managed, and partly industrially funded and also partly government funded to address four different and important materials areas.

In order to start, both groups advocate a first such center as early as possible. The price tag for this over a 5-year period will be $125 million. Initial commitment to the entire 5-year budget would ensure industrial investors of the Government's serious intents.

The materials area which was selected for initial activity is optoelectronic materials. These will likely hold the key to advanced communication and computer devices. We urge the committee to provide funding so that this initiative can get under way in fiscal year 1988.

MEASUREMENT RESOURCES

The second area of our concern in detail is provision of national measurement resources necessary to ensure that new weapons systems really will meet their specified objectives. Measurement science in the United States has been on the decline. Once our abilities were preeminent. It is a foundation science, it is not the glamorous science that the actual construction of the laser might represent in a space program. Its appearance in the public eye is far less than that of other technologies.

Making good measurements, however, is essential to success of programs such as Stealth, where one simply must know how visible the program is, the MILSTAR satellite program, which is operating in new realms of the electromagnetic spectrum which are not totally understood, or the B–1 bomber perhaps.

These programs depend on the ability, both of the contractor to demonstrate in a known and provable way, and for the Government also to demonstrate that the systems meet their critical electromagnetic specifications. There are no national standards, and few standard measurement methods available in the higher portions of the electromagnetic spectrum which are now being used by these programs which can be applied with any uniformity by system developers.

The Bureau of Standards is the sole agency whose mission requires attention to these areas. Within DOD, they are attended to primarily in an ad hoc fashion, if at all. The problem falls into the cracks between R&D and logistics. While the research necessary to evolve and prove reliable measurement techniques requires very first-rate minds and certainly adequate instrumentation.

Put simply, faulty measurements mean questionable weapons and risky combat operations. This has never been more so in light of our growing dependence on electromagnetics. A specific directed program with strong involvement by National Bureau of Standards is necessary and without appreciable delay.

Because of the National Bureau of Standards mode of operation, principal users must now pay the cost of its measurements research and DOD is now doing so in a limited fashion from MILSTAR program funds. Because we are moving into higher and higher frequencies, this region from 18 gigahertz up through millimeter waves, all of them now actively involved in military systems have been identified as the critical area.

SERVICE REQUESTS

Service requests for funding in this area have had limited success. A DOD requirement exists for about $105 million dollars over the next 5 years, but only $6 million has been requested for fiscal year 1988.

We welcome you and your staffs' reading of our prepared handout which details all of these needs, and we encourage any committee actions which will make clear that our ability to measure our weapons system performance is important to the Congress.

My comments can not really express the number of man-months that IEEE volunteers have spent working with DOD people and separately on these issues. We are going to continue pressing them, this is not a one-time stand. We have appeared before and we will press both in DOD and in the Congress, and will greatly appreciate any support that you can give.

Thank you so much for the opportunity to chat.

I ask that my printed statement be included in the record.

Chairman STENNIS. Without obligation, so ordered.

[The statement follows:]

IEEE WASHINGTON OFFICE
THE INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS, INC.

PREPARED STATEMENT OF DR. WALTER BEAM

CHAIRMAN

DEFENSE RESEARCH AND DEVELOPMENT COMMITTEE

Mr. Chairman, Members of this Subcommittee, my name is Dr. Walter Beam, and I appear before you today as Chairman of the Defense Research and Development Committee of the Institute of Electrical and Electronics Engineers, Inc. The IEEE is the World's largest technical professional society, with nearly 229,000 members in the United States alone. It's Defense Research and Development Committee was formed to develop and voice the Institute's views on the research and development programs and policies of the Department of Defense. In our testimony today I would like to address three areas of concern to the IEEE which this Subcommittee can address through its actions on the FY 1988 Defense budget for research, Development Test and Evaluation (RDT&E): the need to ensure a strong Technology Base program; the need to improve DOD support for Electronics Materials Research; and the need to improve DOD support for Measurement Standards and Metrology.

Defense Department Research and Development

The conduct of Research, Development, Test and Evaluation (RDT&E) in the Department of Defense is proposed to be funded at $43.719 Billion during Fiscal year 1988, approximately an 18.3 percent increase over the amount appropriated for FY 1987. Of this amount, Research would be funded at $918 million, increasing approximately 2.9 percent from FY 1987. The remainder of the Technology Base Programs, Exploratory Development, would increase approximately 6.9 percent from $2.342 Billion in FY 1987 to $2.503 Billion in FY 1988.

Over the period of 1980 through 1987, funds appropriated for the Technology Base Programs have constituted a diminishing portion of the total funding for Defense RDT&E. The proposed budget for Fiscal Year 1988 represents a continuation of this trend, as is evident in Figure I. Whereas in FY 1980, Technology Base Programs constituted 16.8 percent of total RDT&E Funding, in FY 1988, that amount would diminish to approximately 7.8 percent, or slightly less than half. Advanced Technology Development, on the otherhand, generally con-

DOD Support for Technology Base Programs

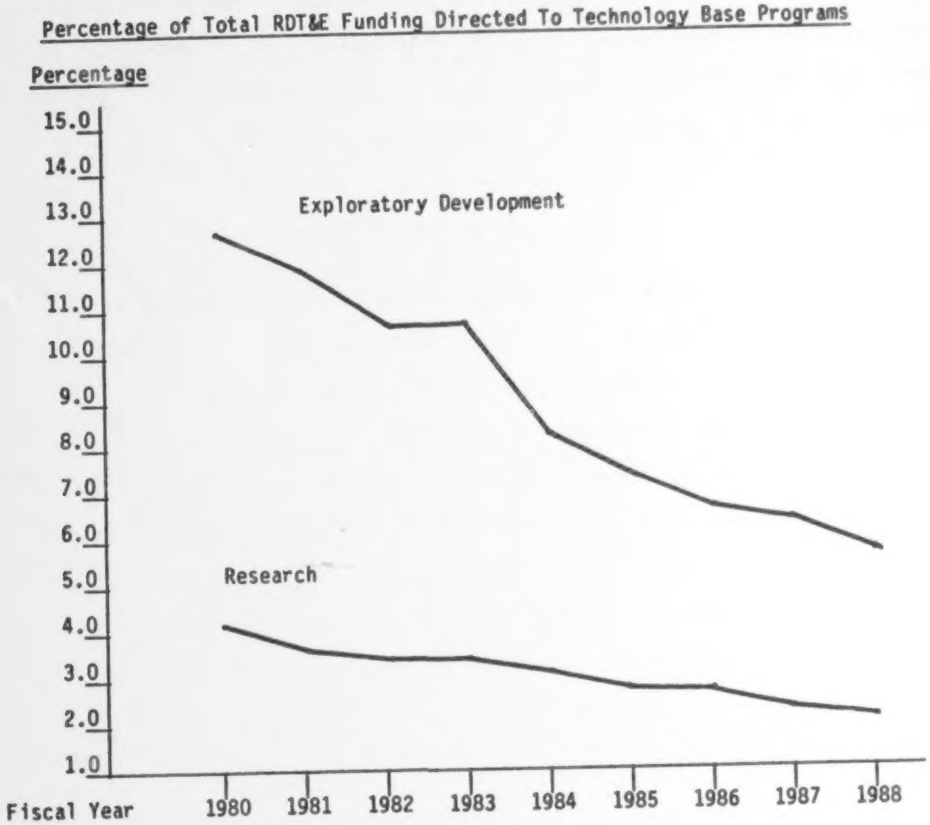

Percentage of Total RDT&E Funding Directed To Technology Base Programs

FIGURE I

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* Based on estimates of actual and estimated R&D Expenditures provided by the Office of Public Sector Programs, American Association for the Advancement of Science.

sidered to be the final component of Defense Research and Development, would increase approximately 32.0 percent from $5.430 Billion in FY 1987 to $7.163 Billion in FY 1988.

In previous testimony before this Subcommittee, the IEEE has voiced its concern over the diminishing portion of total Defense RDT&E devoted to the Technology Base programs. To rectify this problem, we would like to see an adjustment in emphasis which would provide greater support for this impportant program area. In particular, there are two Technology base research areas for which we believe increased support would be in the national interest: Electonic Materials Reearch, and Measurement Standards and Metrology.

The Strategic Materials Initiative

Synthesis of advanced electronic materials, and the equipment to process them, require highly sophisticated and expensive research and development personnel and facilities. Due to very specific applications of particular materials and equipment, in meeting either defense mission needs or the currently small but growing commercial demand, the markets for these "niche" materials and equipment are now too small to support the necessary R&D base at each individual company. Foreign suppliers, typified by large, vertically integrated corporations and/or government coordinated R&D, now dominate these markets. Specifically with regard to defense requirements, the recently released report of the Defense Science Board Task Force on "Semiconductor Dependency" issued the following as a central finding:

> "The extent of dependency of defense systems that are now in the field on foreign seminconductors is difficult to determine, but evidence indicates that in the newest systems about to be deployed a significant fraction of chips used - up to several tens of percent - are either entirely made, or packaged and tested, abroad. If steps are not now taken to assure availability of domestic sources or stockpiles, or both, the U.S. could be denied timely access to these militarily critical devices in wartime or...forced to rely on technologically and operationally inferior alternatives."

Over the past two years, both the IEEE and DARPA's Materials Research Council conducted studies addressing the lack of domestic sources for the advanced materials used in sophisticated military electronics systems. As a result, the two groups independently recommended the establishment of

Industrially-managed Centers of Excellence to address four specific electronics materials areas; Optoelectronics, Advanced Bulk Crystal Growth, Artificially Structured Layered Growth, and Materials Influence on Silicon Integrated Circuit Processing. There was a recognition by both groups that regardless of specific technology thrust, the need exists for an innovative R&D management effort to accelerate the pace of developing these critical technologies and rapidly transfer that technology to the domestic producers of semiconductor materials, devices and manufacturing equipment.

This concept of multiple Industrially-managed Centers of Excellence in semiconductor materials has been advanced over the past year within the Department of Defense under the banner of the Strategic Materials Initiative. We are pleased that the Defense Science Board Task Force Report, under Recommendation Three, notes:

> "In addition, support for the Strategic Materials Initiative now being considered by the DoD is recommended. This focus on a broad range of materials opportunities is complementary to proposals made herein."

As a prototype, the two groups recommend the establishment of one center addressing Compound Semiconductor Materials, with Optoelectronics as its thrust. The Laboratory for Optoelectronic Materials, envisioned to last five to seven years, would be supported by private corporate contributions of funding, equipment and personnel, and funding directly from the Defense Department. This experiment in innovative R&D management would be a logical function of the Defense Advanced Research Projects Agency. The total cost of the prototype effort is gauged to be about $125 Million. It would be governed by a Steering Board of industrial, government and university participants, and managed as a non-profit institution by a full time staff.

The Laboratory is envisioned to provide a critical mass of funding to overcome significant technology hurdles, and an innovative relationship between the industrial, university and government research communities that would enable broad crossfertilization of research and development output.

It is expected that the consortia of interests would enable pursuit of a longer-term, larger scale research effort than any of the participants could launch on their own, thus enabling a fortification of our domestic technology base.

Corporate Team members would benefit from early access and advantageous patent rights on the results of the research and development output. By requiring the participating companies to make a significant equipment and personnel investment in the project, and assume the associated risk, it is anticipated that they would manage the Laboratory with greater diligence than they would a risk-free venture. The operation of the Laboratory would be geared toward rapid technology transfer to industry on a real-time basis over the life of the effort, rather than expecting such transfer to occur at its conclusion. Defense Department funding would ensure that the focus of the research and development effort was consistent with the defense mission needs of the nation. It is recommended that full government funding be appropriated at the outset, with obligatory authority extending over the life of the project, to assure industrial investors that the government's commitment will not be annually revisited with the potential of premature termination at a later date.

The involvement of Universities, the National and Triservice Laboratories, as well as small businesses, materials and equipment manufacturers, would permit timely transfer of advanced technology to these vital sectors. It is understood that only U.S. corporations and nationals would be permited to be involved with the project in an effort to ensure reduced opportunity for transfer of the resulting technology overseas.

Several similar consortia have been intitiated in the past few years, including the Microelectronics and Computer Consortium (MCC), the Semiconductor Research Consortium (SRC), and the recently announced Semiconductor Manufacturing Technology (SEMATECH) program. None of these efforts were designed to fill the key research need intended by the Strategic Materials Initiative. While the purpose and technology thrust of these other consortia should not be confused with that of the Laboratory for Optoelectronic Materials, they do provide several baseline models by which to construct the Laboratory to enable protection of participants from anti-trust concerns, as well as formulae for handling patent rights on resulting innovations.

Research and Development Focus

Optoelectronics is a broad category of electronic components that includes: Light Emitting Diods (LEDs), used in large numbers for displays and indicator lights; infrared LED's used as sensing devices; and visible Laser Diodes (LDs). Also, both infrared LEDs and visible LDs are used in optical fiber communications systems. Optical computers might well be developed during the next decade that will partially depend on the technology base developed through this program.

The goal of the Laboratory would be to creat a new class of devices integrating optical and electrical components onto a single chip. Such devices are fabricated from compound materials of the Groups III and V elements, such as gallium arsenide. A single optoelectronic integrated circuit (OEIC) could combine lasers, photodetectors, and electronics devices such as amplifiers and modulators, with much the same military and commerical impact as the "computer on a chip" of a generation ago.

Specific research targets would include:

- Materials growth (Bulk, EPI)
  - Gallium Arsenide, Indium Phosphides
  - Heterostructures
  - Heteroepitaxy

- Advanced Processing and Characterization
  - New Industry Tools

- Advanced Demonstration Devices
  - Gallium Arsenide on Silicon
  - 3 Dimensional Optoelectronic Integrated Circuits
  - Microwave/optical combinations

Involvement of Small Business

In addition to the principal Government, Industry and University participants, steps would be taken to enable more limited access to the facility by additional Domestic Corporate Subscribers. These would be Materials and Equipment Manufacturers, as well as other critical small businesses, the participation of which is consistent with the objectives of the center. Their degree of involvement and financial obligation, possibly based on a percentage of sales, would be negotiated by the Steering Board. Contributions by Domestic Corporate Subscribers could be made in direct funding, or contributions of equipment, tools, or materials.

Personnel Requirements

There is proposed to be a total of approximately 100 professionals working at the facility, along with additional support staff. In addition to the management technical personnel on-loan by industrial participants, as well as faculty, graduate and other researchers on-site from participating universities and other research centers, there will be the requirement for a more stable core of technical personnel employed directly by the Laboratory. The specific number, roles, as well as guidelines for such employment, would be the responsibility of the Steering Board.

We believe that initiation of the Strategic Materials Initiative would be a definitive step forward in addressing the many issues set forth by the Defense Science Board Task Force Report on Semiconductor Dependency. We urge your support of our efforts by providing funding for the initiative in FY 1988.

National Defense Requirements for Measurement Standards and Metrology

Introduction

As the largest technical professional society in the world, the IEEE has a very special interest in the vigouous growth of technology and its productive application to serve people's needs both here and abroad. We are, therefore, particularly interested in Government programs that support those efforts. In this regard, we wish to address the elements of the proposed budget of the Department of Defense that affect programs on the science of measurements: metrology. These impact the technology areas of product measurement science, such as precision measurement standards and equipment for electrical, electronic, microwave, millimeter wave, fiber optic and optical electronics as used in a myriad of defense systems.

The Decline of our National Measurement Resources

Because of rapidly expanding technology, there has been a widening gap in the capability of the Federal Government and the Department of Defense to assure the veracity and authenticity of precision measurements used in defense programs, both in industry and in the military. To measure, test and control the attributes of new technology devices demands more accurate and wider ranging capabilities than are now available. Government and industry engaged in defense projects need precise state-of-the-art measurements and measuring systems to provide advances in technology, to perform research, and to design and manufacture better, more capable equipment at lower cost. With these tools of measurement, our companies can get new, more competent defense products into the manufacturing process faster and delivered earlier than our adversaries can. We need this to retain our technological edge in combat systems. We also need this to assure that the capabilities of these new products are retained, once they are deployed to our armed forces. We are gravely concerned that defense requirements demand more precise and accurately controlled measurements than are now available to our defense industry and the military. For example, recent measurements in the X-ray laser program were reported as suspect by Photonics Spectra magazine in two articles in 1986. These were connected with underground nuclear tests where test delays were urged because "....beam brightness was greatly exaggerated because of wrongly calibrated measurement equipment." We believe a case such as this is only unusual in that it was publicly reported. Many of our most demanding measurements exist in classified programs for which there is no public visibility. Failure to adequately address measurement accuracy and control is jeopardizing otherwise successful programs in National Defense.

The Transfer of Technology and the NBS Metrology Role

Because manufacturing process and product quality are highly dependent upon precision measurements, the transfer of technology from research laboratories into defense manufacturing is vitally linked to precise, accurate, and adequate measurement capability. The design, manufacture and deployment of innovative new weapon systems is seriously delayed if no adequate means exists to precisely and accurately measure the new technology that is discovered in the research laboratory. Defense and space capabilities are needlessly limited and endangered unless we are able to measure and control our systems to required accuracies. All measurements in the defense industry and military operations must be linked to common measurement references to avoid chaos in the laboratory, factory, depot, flight line, fleet and operating unit. These controlled and precise measurements are essential to the readiness and the accurate, on target delivery of the sophisticated weapons of our armed forces. For example, improved accuracy of strategic weapons is directly dependent on an ability to make state of the art electrical measurements in their guidance systems. Due to an early awareness of this need and with special attention and funding by DOD elements, this particular area has received some support by the National Bureau of Standards. However, there are many areas where capability is too limited. Faulty measurements mean faulty weapons and flawed combat operations. Precise measurement capability and control is needed by large and small defense contractors alike. The quality and productivity of our industries are highly dependent upon measurements made during the development process followed by testing done during manufacturing. Congress has assigned the role of developing and fur-

Congress has assigned the role of developing and furnishing these common measurement references to the National Bureau of Standards (NBS), a part of the Department of Commerce. The NBS supports a network of secondary measurement labororatories in the military services and in the defense industry that are intended to assure control of test and measurement processes.

Unfortunately, we have failed to improve our national electronic calibration few capability at NBS over the past few years. There has been a serious atrophy as a result of inability to keep up with inflation, and because the critical links between measurement, the economic well- being of the United States, and defense technology have not been recognized in forming the federal budget. There has been an endemic complacency toward our national metrology posture. In some cases, we in industry are turning increasingly to foreign sources for critical measurement standards capability. This growing dependence on other countries for our most fundamental primary laboratory needs threatens our independence of action in weapon system support and our customer relations in foreign military sales.

The IEEE Study of Electronic Metrology Requirements

Because of increasing concern for the future of national measurement capability to support electronic technology, two groups emerged within the IEEE to examine the problem and explore immediate and long term actions to regain lost ground and to reach the high instrument and system manufacturing where frustrations and concerns have reached such levels that they believe alarms need to be sounded. Their studies to date reveal that the NBS's measurement science capability has fallen behind more seriously than originally imagined by the technical community. They conclude that, while private industry can contribute to electronic measurement technology, the NBS has the fundamental technical and leadership role with regard to the national measurement reference standards segment. They further realize that research into new measurement frontiers must take place at the national reference level in advance of, or at least in parallel with, advances in industry. Most desirably, the advances through NBS research would function in an iterative process in teamwork. NBS has recently stepped up their efforts in this regard for which they are to be commended. However, there is a current weakened funding environment at NBS that precludes progress towards solutions.

Private funding to supplement NBS's current funding has been explored, but the two IEEE study groups and many others conclude that it is highly unlikely that there will be a simultaneous uprising of mutually compatible and motivated private companies as a substitute to increased government funding. Thus, a crisis exists.

The IEEE has previously addressed the plight of the NBS in testimony to its authorizing committee, because we believe the overall impact on U.S. industrial competitiveness is serious. In the testimony presented here, we will focus on the national defense implications of this problem for the benefit of your committee.

The Deficiencies and the Implications to Defense

The needs for measurement technology support for electronics covers the entire electromagnetic domain from direct current to optical systems. In the microwave area alone, $38 million is needed at NBS over the next six years to correct the most serious deficiencies that the IEEE study has exposed. Some 75 specific deficiencies were defined in combinations of frequency versus measurement parameters. Here are some critical examples. Power, attenuation, impedance and thermal noise in the millimeter wave/microwave frequency spectra above 18 GHz were among the highest priorities identified. In the fiber optics area, deficiencies are most pronounced in power levels of 1 to 200 milliwatts at wavelengths of 600 to 860 nanometers and from 1 to 8 milliwatts at 1300 to 1550 nanometers. Attenuation measurements and related primary standards are also deficient from 0.1 to 100 db at accuracies at the test set usage level of o.1db/10db. In the areas of general electronics measurements, deficiencies exist in alternating current capabilities at accuracies of better than 5 parts per million above 20 KHz; more accurate four terminal-pair impedance measurements up to 10MHz; and transportable capacitance standards of greater stability and environmental resistance. These are but a few of the many deficiencies that need immediate attention. Most of these needs are directly created by requirements established by defense contracts and projects. They form a major back-log at NBS and require urgent attention. They must be overcome before progress can be made to aid industry and defense in advancing measurement science to support defense technology. An infusion of funding is essential to catch up with the backlog so that NBS can undertake new research leading to development of advanced measurement capabilities.

The IEEE considers this matter to be of significant national importance. In September 1986 we advised the Under Secretary of Defense for Research and Engineering that such measurement deficiencies imperil our defense systems and urged a study within DOD to explore existing and future needs and solutions. The response acknowledged awareness of the problem and indicated that some actions were underway which will be discussed later in this paper. Congress may wish to have the Office of Technology Assessment undergo a similar study in the broader national interest to include other agencies such as NASA, DOE, FAA, and NIH.

Defense Metrology Resources and Responses

The military services each have measurement (metrology) engineering centers that are dedicated to supporting military laboratory, depot and fielded testing systems. These centers have worked in concert as the DOD Calibration Coordinating Group (CCG). They are a part of the Joint Technical Coordinating Group for Metrology and Calibration who support the Services Joint Logistics Commanders to assure that no duplication of effort is undertaken by their programs. The CCG interfaces with R&D activities in the defense industry, and in DOD and Federal laboratories, to forecast new measurement requirements and to foster early solutions to measurement problems. The Services have developed jointly a list of R&D projects that need immediate action to support defense systems now on line and in the final stages of manufacturing. Many of these projects are intended to be done by defense laboratories and R&D contractors, but a large number of projects require accomplishment at the NBS. The Services have interfaced closely with the NBS to inform them of new measurement needs and to seek needed primary measurement standards support for military measurement laboratories. Our review of the Services R&D project lists show close agreement between those projects and the requirements identified independently by our study groups, although there are some minor differences in priority of accomplishment. The National Conference of Standards Laboratories, an organization focussing on metrology issues, conducted an independent study and also arrived at very similar conclusions.

DOD Reliance on NBS

Over the years, the DOD has depended upon the NBS to perform much of their measurement science R&D to support defense system measurement standards requirements. The Services typically furnished some minimal funding to supplement NBS's basic appropriation. Yet, in more recent years, while it is the assigned role of the NBS to furnish the R&D leading to the presence of common national measurement references, NBS has not been furnished the financial support to do the job. After a period of confusion in the early 1980's regarding who should provide NBS's funding, the OMB took the position that where metrology needs are generated by other government agencies, those agencies are required to provide the necessary funding support. This OMB ruling is discussed in a Comptroller General report entitled, "National Bureau of Standards--Answers to Congressional Concerns", Report No. CED-80-49, February 2, 1980. Unfortunately, this policy was not conveyed through appropriate channels to the Department of Defense until quite recently. Thus, at a time when NBS was experiencing little or no replenishment Dod funds for specific requirements was taking place. This created a serious atrophy at NBS of the metrology support base and a deceleration of progress toward metrology R&D, especially as it applies to DOD requirements.

DOD Funding for Metrology Projects

Only in the past year or two have the efforts of the Services been successful in getting funding initiatives inserted into the Defense budget. These were rejected in part in the 1986 budget process, survived with serious cuts in the 1987 process, and reappear on wobbly legs in this 1988 budget proposal. A DOD requirement exists for $105 million over a five year time frame or about $21 million per year to accomplish the immediate projects identified to date by the Services. The amounts requested in 1988, something under $6 million of R&D funds, are welcome, but represent only a fraction of the need. The amount appropriated in 1987 was less than $5 million for Army Program Element 63001A, Project D594, and Navy Program Element 64215N, Project X1857. Air Force attempts to extablish an R&D funding line have yet to be successful. We are very concerned that the amount of funds being requested for the identified needs are woefully inadequate. We strongly support those funds that have been requested and urge that increases be explored. We are especially disappointed that no Air Force metrology R&D, or its equivalent, appears in the 1988 submission. While it is understood that some Air Force funds have been provided for support of specific, narrow, MILSTAR requirements, there are a wide range of Air Force needs that remain unsupported. The same is true of other two services where underfunding is so great, in spite of the presence of the two lines in the budget. The Services agreed to take lead roles for selected metrology projects. This laudable approach can only work when all the Services receive adequate and balanced funding support. Where one Service fails to obtain such support, all of the Services suffer.

For information, a breakdown of the critical areas of five year requirements identified by the Services in their latest R&D plan is provided as follows:

Electro-optical Metrology:	$ 26 million
Microwave/Millimeter Wave Metrology:	35 million
Electrical/Electronic Metrology:	14 million
Physical Metrology:	15 million
Automated Metrology:	7 million
Analytical Metrology:	2 million
Systems Metrology:	6 million
Total:	$105 million

The Price of Complacency

Our statements have been made to awaken all of those in our nation involved with protecting and promoting our most fundamental technical resources. Measurements and their underlying calibrations seem to be taken for granted by many otherwise knowledgeable people, just as the millions of measurements associated with production and readiness inspections of such systems as the space shuttle were taken for granted. Until something goes wrong, few realize the significance that precise, accurate and dependable measurements play in our high technology culture. Our national measurement resources require constant maintenance to retain our position of world leadership. To advance technically, our measurement capability must advance. These measurement resources must receive constant attention to avoid the atrophy that can create disasters at worst, and delays at best.

SUMMARY

The DOD R&D budget lines for metrology projects require funding at an approximate level of $22 million per year. Current requests are constrained to less than $6 million, with no R&D or equivalent program element for the Air Force. Lack of needed metrology support for our defense contractors and for military units jeopordizes the integrity and veracity of the tests performed on defense systems and components. The Services metrology R&D plan goes a long way toward addressing the deficiencies in current DOD programs. Their projects are in consonance with findings of IEEE and other national technical organizations.

The National Bureau of Standards is one of the principal resources for use by DOD in metrology R&D, working in concert with and supported by the military Services. NBS is seriously underfunded to perform that R&D necessary to support DOD metrology interests. It must receive added support from DOD to assure a viable Defense Metrology Program. We urge careful consideration of a properly supported DOD metrology R&D program of $105 million over the next five years and of a sustained level of $18 million per year thereafter. This should assure that the systems bought or used by our armed forces have been tested and aligned with adequately accurate equipment to support mission success now and in the future.

CONCLUDING REMARKS

Chairman STENNIS. Thank you very much for being here. We appreciate your willingness to come and you have something here that is certainly worthwhile. We will give it attention.

The next witness we have is Mr. Ronald K-o-k-i-n-d-a, Kokinda. Is the gentleman here?

[No response.]

Chairman STENNIS. I will call the name again. Mr. Ronald Kokinda, National Democratic Policy Committee. He was called and did not answer.

Do we have further witnesses here? That's all? All right.

We want the record to show that we are grateful for those who came to testify.

Is there any other matter to come now before our committee today? Nothing more. The next meeting we have is this afternoon at 2.

SUBCOMMITTEE RECESS

The subcommittee will now take a recess until this afternoon at 2 p.m. and reassemble at that time here in this room. Until then, we stand in recess.

[Whereupon, at 11:02 a.m., Thursday, April 30, the hearing was recessed to reconvene at the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1988

TUESDAY, MAY 12, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:34 a.m., in room SD–192, Dirksen Senate Office Building, Hon. William Proxmire presiding.

Present: Senators Proxmire, Johnston, Byrd, DeConcini, Stevens, and Cochran.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF HON. JOHN O. MARSH, JR., SECRETARY OF THE ARMY

OVERVIEW OF ARMY BUDGET REQUEST

PREPARED STATEMENT OF CHAIRMAN STENNIS

Senator PROXMIRE. The subcommittee will come to order.

First, I ask unanimous consent that a statement by the distinguished Chairman of the full committee and Chairman of this subcommittee, who could not be here today, be put in the record in full.

[The prepared statement of Chairman Stennis follows:]

OPENING STATEMENT OF CHAIRMAN JOHN C. STENNIS

Today the committee is considering the budget request of the Department of the Army for fiscal year 1988. These are highly important matters and we are pleased to have with us today the Secretary of the Army, John O. Marsh, and the Chief of Staff of the Army, General John A. Wickham.

One note of special interest is that today is the last time General Wickham will appear before this committee, having announced his plans to retire this June. We wish to express our appreciation to General Wickham for 37 years of dedicated service to his country.

The fiscal year 1988 budget request for the Department of the Army before us today is $75.7 billion, an increase of $4.8 billion, or 6.7 percent over the amount appropriated to date for fiscal year 1988. However, if we take into account program transfers for the Federal Retirement System and the military dependent health care system, CHAMPUS, and discounting for inflation, the Army's real growth figure for fiscal year 1988 is only 1.8 percent.

In a recent Congressional Budget Office study, the Army identified its goals for fiscal year 1987 through 1991. These included:

1. Improved readiness;
2. Improved sustainability;
3. Continued modernization;
4. Maintain current Active force levels but increase 51,000 in the Reserves.

In its report, the CBO estimated that in order to achieve these goals, the Army would need an average of 6 percent real growth through 1991. Under Secretary of the Army, Jim Ambrose, is quoted as saying that the Army would have only one-half to one-third of the money needed to develop, build, and operate the Army's weapons through the year 2000, and that the budget shortfall could be $100 billion or more.

Mr. Secretary, this committee is concerned about the allocation of budget authority for conventional forces. Because of tight budgets and mounting deficits, it appears that the Army has made a decision to drastically reduce its equipment modernization program in favor of maintaining its current readiness levels. The question that needs to be addressed is whether or not, because of budgetary restrictions, we are in danger of creating a hollow Army for the 1990's and beyond.

Gentlemen, we look forward to your comments on this subject and any other matters you wish to highlight for this committee.

Secretary Marsh, if you are ready, you may proceed in your own way.

INTRODUCTION OF SENATOR BYRD

Senator Proxmire. Secondly, Senator Byrd, our Majority Leader, of course is a member of the committee and the subcommittee, and we are all very proud of the fine job he has done as Majority Leader. Senator Byrd, do you have any opening statement you would like to make?

Senator Byrd. Mr. Chairman, you are very gracious to offer me the opportunity. I have just a question or two that I will submit for the record. I mainly wanted to come over and say "hello" to the Secretary. He was in West Virginia recently when we had a groundbreaking there for an important addition at Camp Dawson. And I wanted also to extend my greetings to General Wickham.

But thank you very much for letting me have the opportunity. I will not take advantage of it just now.

Senator Proxmire. I know how busy you are. If you have any questions you would like to ask, go right ahead.

Senator Byrd. I will just submit them, thank you.

Senator Proxmire. Very good.

INTRODUCTION OF SECRETARY MARSH

The Subcommittee welcomes today the Secretary of the Army, John O. Marsh, and the Chief of Staff of the Army, General John A. Wickham.

This is the last time that General Wickham will appear before this committee in his official capacity. Every member of this subcommittee wishes to thank you, General, for your 37 years of unselfish dedication to the defense of our country. Too many people fail to recognize that there is an enormous sacrifice in service—not only lost income compared to the corporate world, but the forced transfers, the impact on family members at impressionable periods in their lives and, not least, a very real threat of loss of life. That is why we owe you a special debt, General, and please carry that back to your family as well.

Now, as for the state of the Army, I think it is time to recognize some unpleasant facts. First, the United States will never have as many people in uniform as the Soviet Union. Second, we will never have as many tanks as the Soviet Union or artillery pieces. Third, we will never be able to project land power in areas on the Soviet border as well as they can.

No amount of wishful thinking will change these facts. No amount of language about Soviet adventurism, subversion and aggression can change these fundamental statistics in the short run, or possibly ever, particularly when we hear statements taking the European side on the defense contribution issue. So much official testimony is taken up with expositions of the threat. Well, we need that, but we also need net—and I repeat net—assessments, and that is the one thing rarely found in testimony.

Why is it that most of our testimony considers only Soviet prowess and U.S. weakness? I want to know where our strengths meet their weakness as well as the reverse. I want to know what we intend to do about these permanent Soviet advantages in hardware. I would like to hear our military leaders talk about comparative training statistics, about measuring leadership and morale factors, about where we have technological advantages, about tactics and strategy, not just ratios of production levels, as important as they might be.

Mr. Secretary and General Wickham, I have read your testimony carefully and I have noted your emphasis on the quality of manpower and readiness. I share that commitment with you. I would like to close by offering you a little challenge. How about laying aside the briefing charts and talk to us realistically about Soviet army weaknesses and U.S. strengths, as well as our weaknesses and their strengths so we have a balanced picture?

I know it is difficult for you to do that in view of the fact that you have prepared a statement, but you go ahead with your statement and perhaps we can get to what I would like to get to in the question period. Go right ahead, Mr. Secretary.

STATEMENT OF JOHN MARSH

Secretary MARSH. Thank you, Mr. Chairman.

First let me tell you how pleased we are to be before your subcommittee today, and I join with you in the comments that you made in reference to General Wickham. I knew the General long before he became Chief of Staff of the Army and I am aware of his service in Korea, the fact that he was very terribly wounded in Vietnam and was nearly killed in that conflict. His service to his country is everything that you have said it has been, and he leaves a great legacy to the Army, including, I think, a legacy directed at some of the things you are talking about—developing the light infantry concept for greater deployability.

COMPLEX CHANGES

- ACQUISITION EXECUTIVE
- DoD REORGANIZATION
- SPECIAL OPERATIONS FORCES

ACQUISITION ACT

Secretary MARSH. In opening the statement, Senator, I think it is only fair to point out to you that the Department of Defense is undergoing three very significant changes which impact significantly on the way we do business internally and how we do business with the Congress of the United States.

The first of those is the Acquisition Act that I show on this slide. The Acquisition Act gets into the field of procurement, and is a very significant change, one that has been mandated by law, currently being implemented under the auspices of the Under Secretary of Defense for Acquisition. It flows down to the military departments, where we have our Acquisition Executive, the Under Secretary of the Army.

Secondly, a very major piece of legislation, the Department of Defense Reorganization Act, which affected not only all of the various services but affected the Department of Defense in the manner in which it does business and transfers certain authority to the Unified Commands and the CINCs.

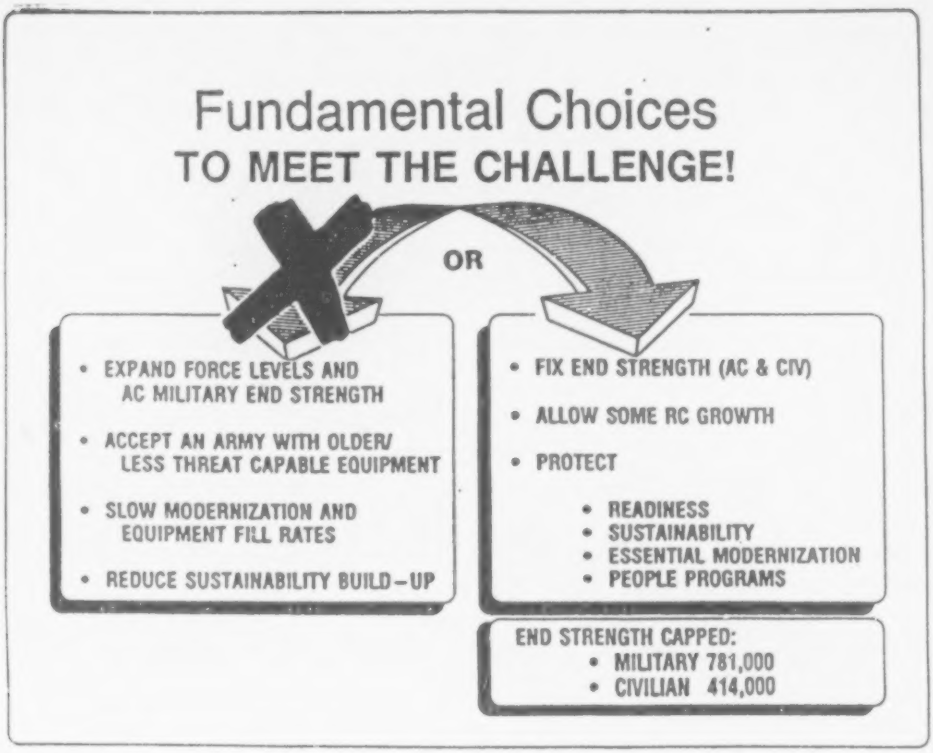
Having mentioned those two, we are in the throes of a third very major program, one that is directed at being able to engage on the conventional and unconventional battlefield, particularly the unconventional, by developing Special Operations Forces, forces that have a capability for a long-range reconnaissance and strike to engage in special operations of the type that would counter what you would find in the Soviet Union in Spetznet. I would say that those we have are far superior to the Spetznet.

U.S. ARMY GLOBAL MISSIONS

- DEFEAT A WARSAW PACT ATTACK ON NATO AND MAINTAIN ITS TERRITORIAL INTEGRITY AND SECURITY
- DENY SOVIET CONTROL OF PERSIAN GULF OIL
- DEFEND VITAL U.S. INTERESTS IN THE PACIFIC
- SUPPORT ALLIES IN ASIA, LATIN AMERICA AND AFRICA
- MAINTAIN WITH OTHER SERVICES, A STRATEGIC RESERVE CAPABLE OF RESPONDING TO THREATS IN THE WESTERN HEMISPHERE
- RESPOND TO OTHER THREATS TO U.S. INTERESTS ANYWHERE IN THE WORLD

U.S. GLOBAL MISSIONS

Secretary MARSH. Now in order to address the questions about what is it that the Army must do, the Army has six missions—first, to defeat the Warsaw Pact; secondly, to deny the Soviets the oil resources of the Persian Gulf; three, defend our interests in the Pacific; four, support our allies in Asia, Africa, and Latin America; five, maintain the strategic reserve to keep the United States capable of responding to threats in the Western Hemisphere; and, having done those five, be able to respond to threats elsewhere.



Fundamental Choices
TO MEET THE CHALLENGE!

OR

- EXPAND FORCE LEVELS AND AC MILITARY END STRENGTH
- ACCEPT AN ARMY WITH OLDER/ LESS THREAT CAPABLE EQUIPMENT
- SLOW MODERNIZATION AND EQUIPMENT FILL RATES
- REDUCE SUSTAINABILITY BUILD-UP

- FIX END STRENGTH (AC & CIV)
- ALLOW SOME RC GROWTH
- PROTECT
  - READINESS
  - SUSTAINABILITY
  - ESSENTIAL MODERNIZATION
  - PEOPLE PROGRAMS

END STRENGTH CAPPED:
- MILITARY 781,000
- CIVILIAN 414,000

FUNDAMENTAL CHOICES

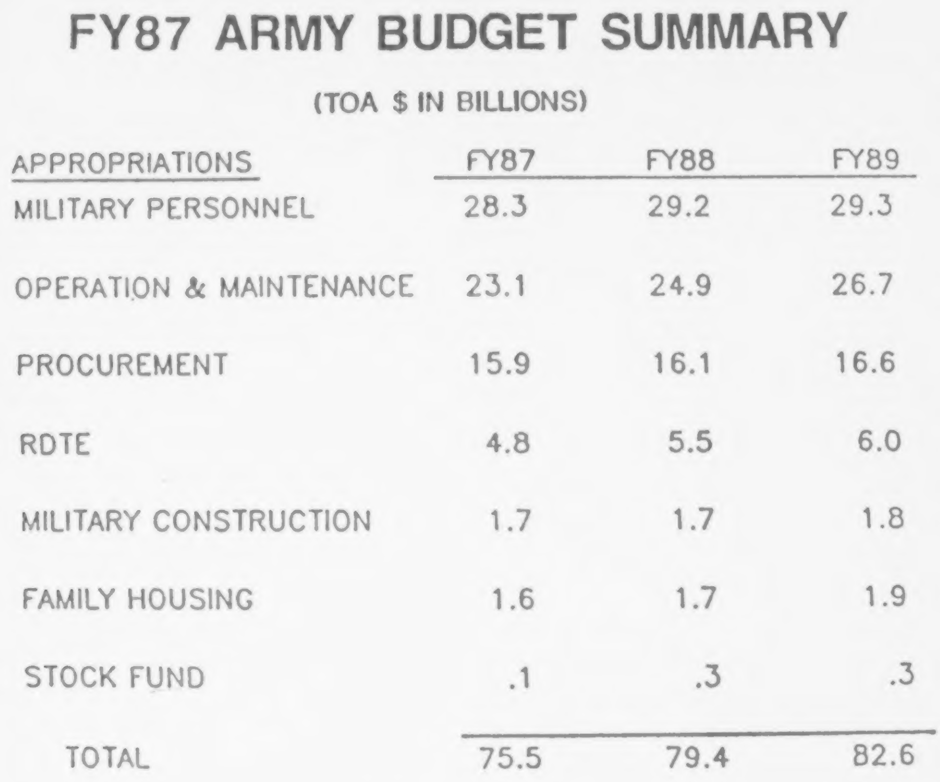
Secretary Marsh. I will go through these very quickly. You talked about size, and you are quite correct. We cannot match the Soviets man for man, nor can we match them in tank production or in aircraft production, and those balances, as you point out, are very heavily weighted against us.

But a decision was made in the early 1980s that related to the size of the U.S. Army and limited the active strength to 781,000 soldiers, attempting within that 781,000 to modernize, give it sustainability, make it more ready, and increase the quality of the young people that we recruit. Sir, we recognize that very frequently the history of warfare demonstrates that a small, able force, well led, with fine weapons and good soldiers, usually and not infrequently has defeated a larger and more superior force. Seeking to rely on the technological advantage that we have in this country, we are following that historical lesson.

Today we bring into the Active Army better than 90 percent of our youngsters who are high school graduates; less than 4 percent are in the category IV. Out of this type of individual we have a high quality person and we think that we can put together an active force that we can leverage with our technological capabilities.

And I would say to you that deterrence is a matter of perception and I would also further say that anybody in the Kremlin in 1980 or 1975 that looked at the U.S. Army in those years and would look at the Army today would see an Active military force in 1987 of about the same number of people; but because of many of the gains that we have made, in large measure due to the efforts of this Committee, we have a force that has a far greater actual capability, as well as greater deterrent capability, than the force that existed in 1980 or 1975.

Today we are dealing with more modern equipment which, in effect, has multiplied our capabilities. There are some things that we need to do to make that deterrence more effective.



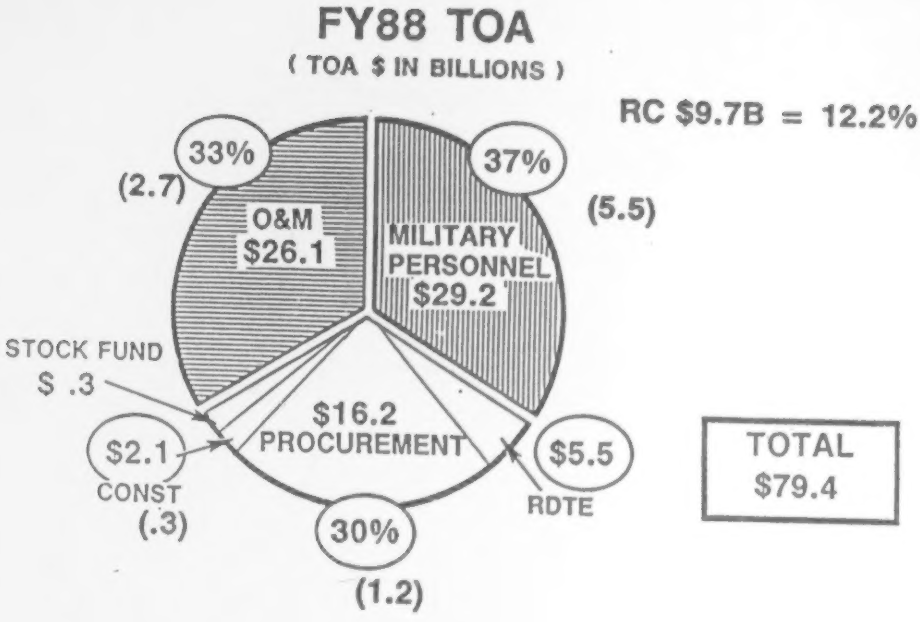
FY87 ARMY BUDGET SUMMARY

(TOA $ IN BILLIONS)

APPROPRIATIONS	FY87	FY88	FY89
MILITARY PERSONNEL	28.3	29.2	29.3
OPERATION & MAINTENANCE	23.1	24.9	26.7
PROCUREMENT	15.9	16.1	16.6
RDTE	4.8	5.5	6.0
MILITARY CONSTRUCTION	1.7	1.7	1.8
FAMILY HOUSING	1.6	1.7	1.9
STOCK FUND	.1	.3	.3
TOTAL	75.5	79.4	82.6

FY 87 ARMY BUDGET

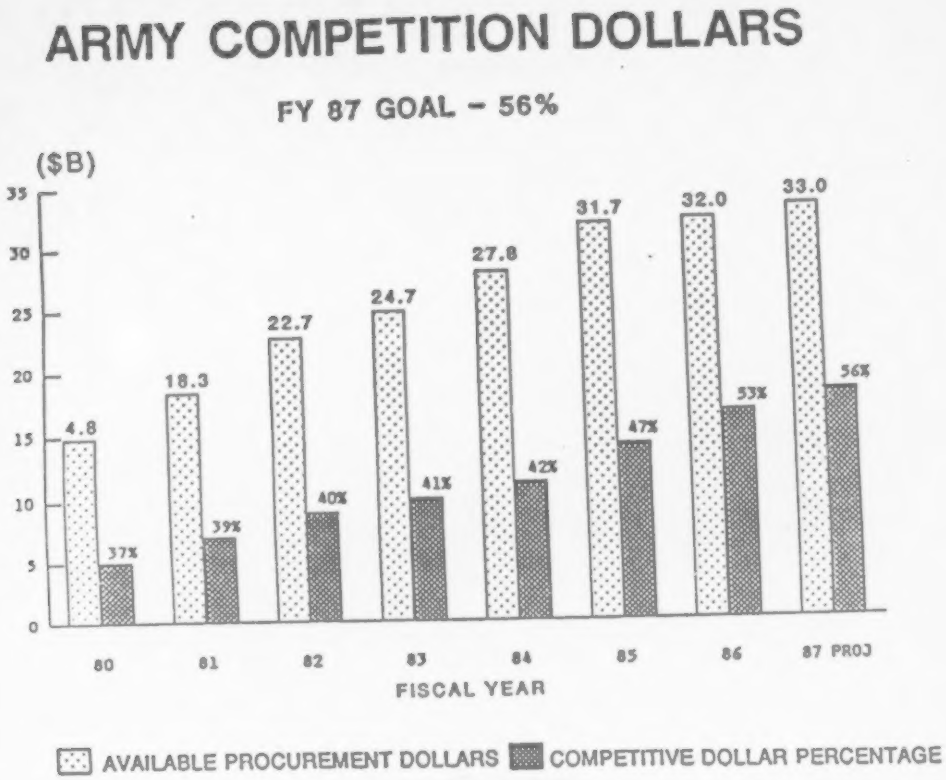
Secretary MARSH. I just want to mention, as you have seen, the budget request is $79.4 billion.



FY 88 TOA

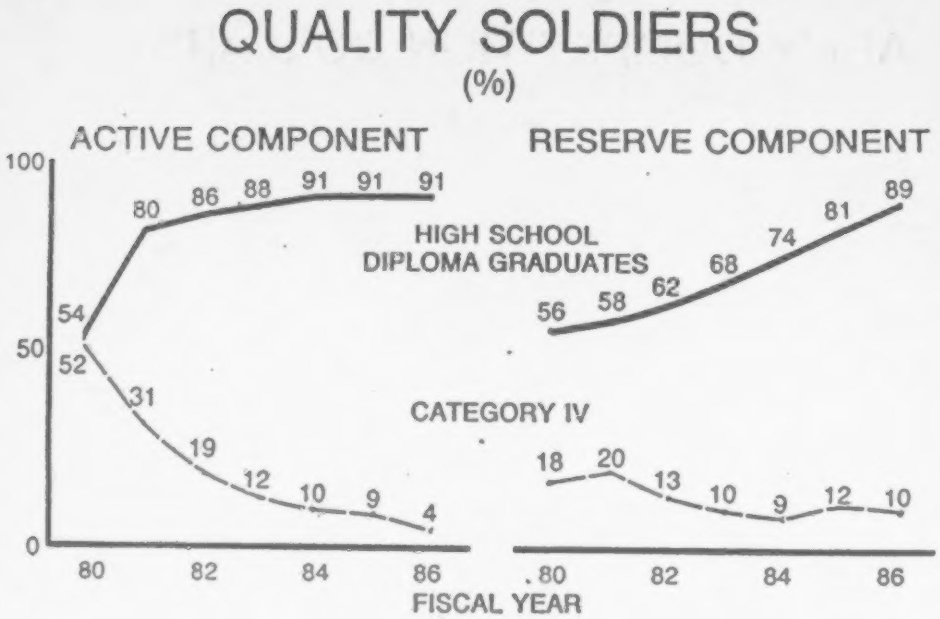
Secretary MARSH. I do not want to spend a lot of time going through that. I want to point out to you on this slide you get a general breakdown of 30, 33 and 37 percent in these areas (indicating). Military personnel is 37 percent of the budget. But, Senator, the figure I want to call to your attention [indicating] the amount of money that the Army is putting into the Reserve Component. We think this is significant.

You will see that the Reserve Component commitment is better than 12 percent of the Army budget, almost $10 billion. We are seeking to make our Reserve Component a partner with the Active Army.



ARMY COMPETITION DOLLARS

Secretary Marsh. We are getting enormous gains in that now, the emphasis that you have always placed on frugality and thrift. I would like to mention to you the steady increase of contracting which is occurring in the Department. Fifty-six percent of our dollars now available for competition are being competed. Notice that there has been a constant increase in competition and that means a lot of savings, among other things.

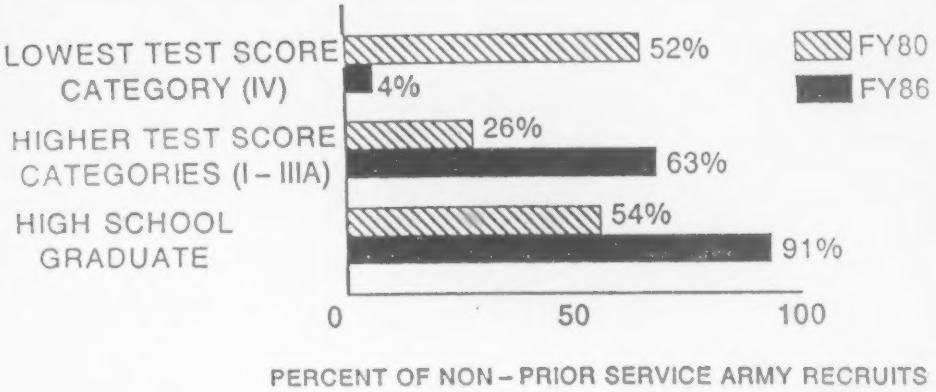


QUALITY SOLDIERS

Secretary MARSH. Now we talked about soldiers and we talked about the National Guard. We talked about the Reserve. I talked to you about the quality of the young people that are enlisting in the Army. Ninety-one percent in the Active Army are high school graduates. You have to recognize that 6 out of 10 in 1980 that came in the Active Army were in the lower category. Today, only 1 out of 25 is in the lower mental category. And also we see in the Guard and in the Reserve enormous quality trends.

Some of the standards for enlistment in the Guard and Reserve are not the same, but you see here very significant trends in that regard.

OF EVERY TEN SOLDIERS RECRUITED 1980 vs 1986



TRAINABILITY
COMBAT EFFECTIVENESS ↑
COMPLEXITY

INDISCIPLINE
ATTRITION COSTS ↓

SOLDIERS RECRUITED

Secretary Marsh. Now this slide simply reiterates what I said to you. It compares what you see today, 7 years after 1980, or we could take 1975. They were really much the same. Half the students were high school graduates; today 91 percent that come in are. You see this year 73 percent will be in the upper three mental categories.

Senator Proxmire. Before you move away from that chart, that is astonishing. You mean in 1980 Category IV, the lowest test score, were 52 percent.

Secretary Marsh. That is correct, sir.

Senator Proxmire. More than half were in the lowest test score. And in 1986 only 4 percent.

Secretary Marsh. That is correct.

Senator Proxmire. In other words, 96 percent were above the lowest test score.

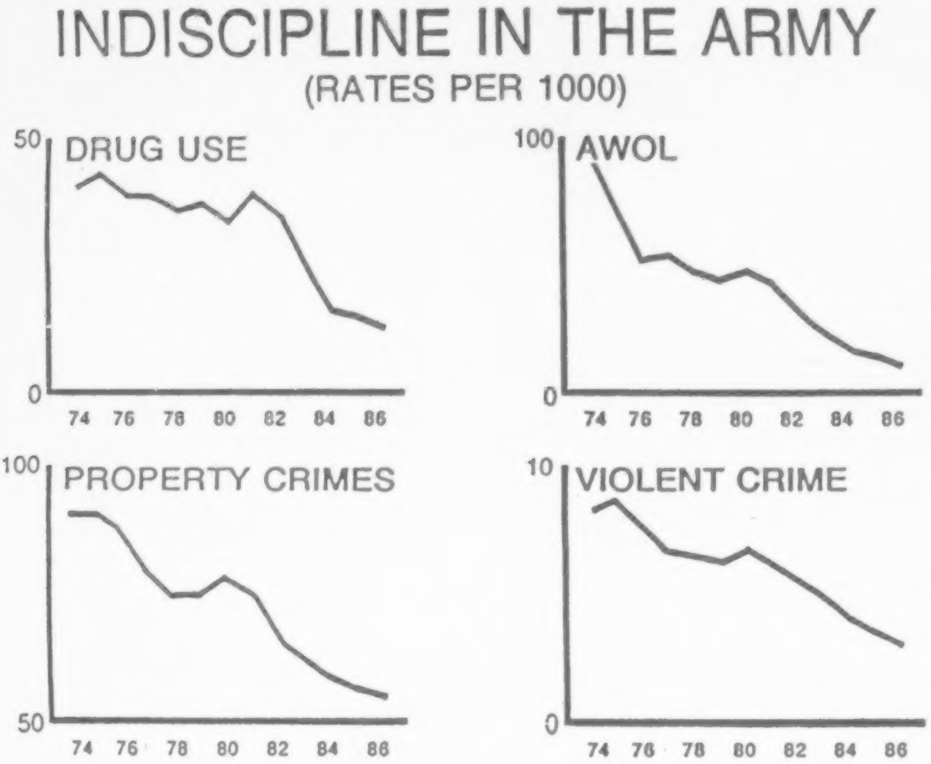
Secretary Marsh. That is correct.

Senator Proxmire. That is an amazing difference.

Secretary Marsh. Yes, sir. The U.S. Congress about 1980 adopted legislation that required that the Army enlist no less than 65 percent high school graduates and no more than 20 percent could be Category IV and they also provided the recruiting and advertising resources to make it happen. We are now enlisting about 90 percent high school grads and 4 percent Category IV in the Active Army.

Senator PROXMIRE. So you are saying there has been a stunning and dramatic change in the educational attainment and the tested intelligence of the people in the Army; is that right?

Secretary MARSH. Yes, and this is evidenced in a number of other ways, sir, that I think you will find interesting.



INDISCIPLINE IN THE ARMY

Secretary MARSH. We maintain four indices of indiscipline in the U.S. Army. I would say when you are looking at the Army now you are looking at a group that is well above their peer group in civilian life. Only 75 percent of 18 to 25 year-olds in civilian life are high school graduates. We maintain these four areas of statistics, drug use, crimes against property, crimes against persons, AWOL/desertion.

You notice the enormous drops in the ramps. This is directly related to the earlier chart that you saw.

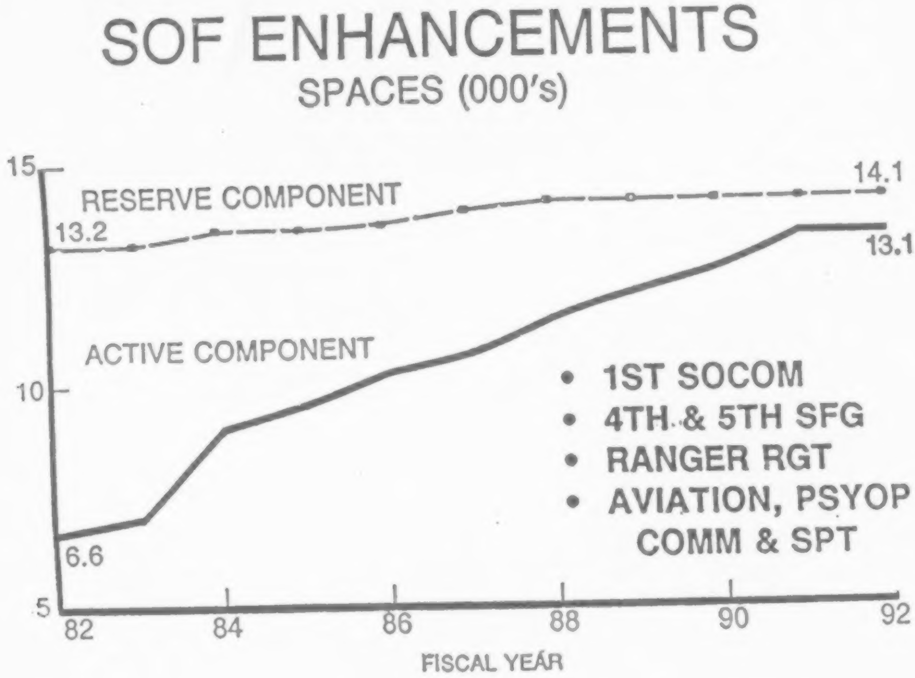
Today in this statistic there are no records in the Army that indicate that at any time in the history of the Army have we had fewer people who are either AWOL or deserters. The result of this is that we save so many people in the basic training centers and advanced individual training centers—a probable estimate of about 12,000 a year at a cost savings that probably runs between $200 million to $250 million, because we do not have to recruit replacements.

Senator PROXMIRE. This is a remarkable 12-year change again, a 12-year change from 1974 to 1986. We are all familiar, of course, with the fact that the crime statistics often just depend on what is reported and what is not reported and so forth. This is spectacular. Has anybody challenged these? Is this generally agreed that these figures are correct? AWOL obviously nobody can challenge. Violent crime, drug use?

Secretary MARSH. I would say to you, sir, that we track these crime figures very carefully with the civilian record, and they are compared 1 per 1000 with the civilian record, and I can give you how these compare. I think you will find that on crimes against property soldiers are a little bit higher, but on crimes of violence, crimes against people, the soldiers are significantly lower than the civilian population.

Senator PROXMIRE. And has the improvement been far more dramatic? Is there a similar improvement in the civilian area or is the civilian area about the same in these crimes—in other words, drug use, property crimes?

Secretary MARSH. I do not think you will find the same drop in the civilian population, sir.



SOC ENHANCEMENTS

Secretary MARSH. Now we talked again about our deterrent capabilities and what the Army has sought to do and where we have tried to address our weaknesses. One of these capabilities the Congress has questioned us about is our special operations capabilities and our Special Forces capabilities. You will see here that since 1982 we are almost doubling the number of Active military that will be in Special Forces.

We will have, as you can see, by the 1990–91 time frame, five Active Special Forces groups, and one Ranger regiment of three battalions. That is in place. The Special Forces groups are coming on line now. Training of these individuals requires more time because many of them must be high skill trained and many must be language trained. But you can see we are making an enormous ramp-up in order to do that.

And I would say to you that as you look at the Reserve Component in the same area there is about the same number of Reserves, Guard or Reserve, in these special operations forces.

READINESS

Secretary MARSH. Now if you get into readiness I think that you will find we have had some quantum leaps in our readiness program, in our Guard, in our Reserve. The level—and General Wickham can speak to this far better than I—the level of readiness of active Army units in our special operations forces is all C–1, if I am not mistaken, and you will find a significant increase in other areas.

SUSTAINABILITY

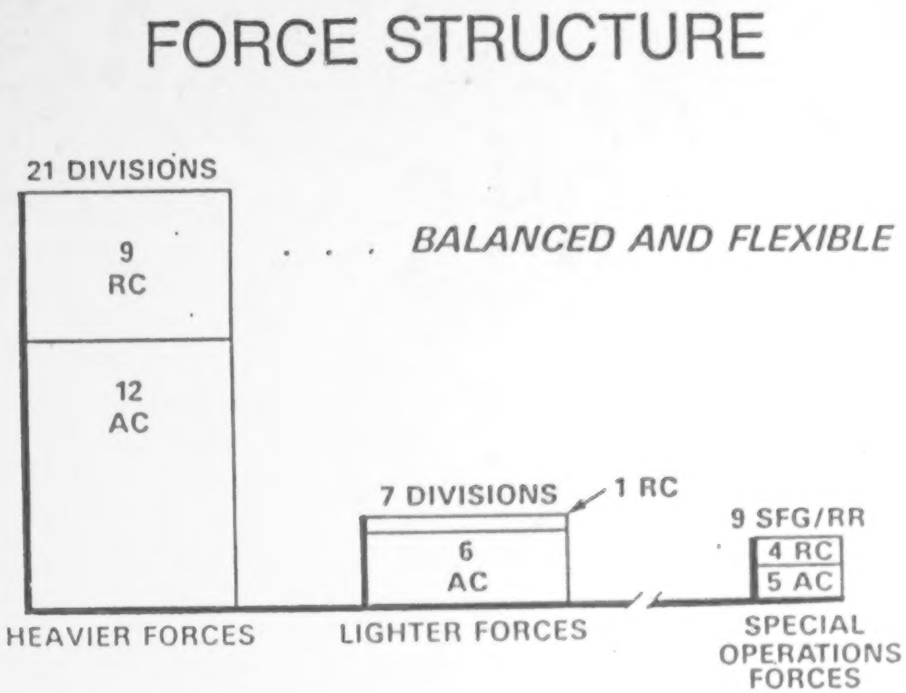
Secretary MARSH. Now if you talk about deterrence in Western Europe, you will find that the development of our war reserve stocks of host nation support has come along quite significantly. We have developed our POMCUS sites, filling of division sets with good equipment in Western Europe. When we began, we had only four division sets, Senator. We need to reach six full division sets. We have filled four, not filled them fully, but we have filled four now. We are filling numbers five and six. The Congress has enabled us to do that.

I would say to you that the amount of our war reserve stocks, although they have not reached the levels that we would like, have gained significantly in the days of supply that we have on hand in critical theaters to respond to a broad range of materiel requests. I think you would be very pleased.

MODERNIZATION

Secretary MARSH. The Army's modernization program, in order to more effectively deal with the Soviets, is about one-third complete. Vehicle systems like the M1 tank will probably be 80 to 90 percent complete by FY 90, but MSE communications equipment or SINCGARS communication equipment will be coming into the inventory in FY 88 and will be about 40 to 50 percent complete by the end of FY 90.

So there is a massive modernization program occurring, notwithstanding budget constraints.



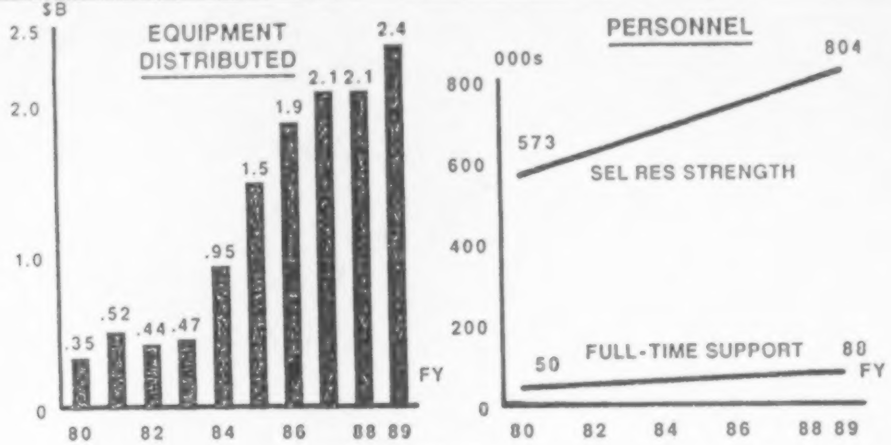
FORCE STRUCTURE

Secretary Marsh. When you look at the American Army and what it can do, you see 9 divisions in the Reserve Component and 12 divisions in the Active Component that we call heavy—either mechanized or armored. Then we have in the lighter forces 6 divisions in the active force and 1 light division in the National Guard.

Now these lighter forces were the design of General Wickham. They are divisions of about 10,500 personnel. They are highly mobile. They can be deployed anywhere in the world. The criteria is anywhere in the world within 6 days and in about 500 sorties of C-141B equivalent aircraft. But your question to me about what we lacked is very penetrating for this reason. The two things that we lack we do not control. We lack the airlift and we lack the sealift to move our heavy forces and their heavy equipment.

We do not have the airlift capabilities for the execution of many of our missions with the light forces, nor do we have sufficient airlift for the execution of our special operations missions, nor do we have the sealift that will enable us to move the heavy equipment very rapidly to places like Western Europe.

RESERVE COMPONENTS



. . . FIRST TO FIGHT
. . . FIRST TO BE EQUIPPED

RESERVE COMPONENT

Secretary MARSH. I know you have a great National Guard in your State, and I went with them to the Reforger exercises. I would say to you that today, sir, there are 781,000 soldiers in the active force. For every one soldier in the active force there is one soldier in either the National Guard or in the Reserve. That is by design, that 1-for-1 relationship, and the Reserve Component will move past that in the years ahead.

By 1992 the Reserve Component will have roughly 850,000 people and the active force will continue at about 781,000. So you see a National Guard today that is about 453,000 soldiers and a Reserve force that is almost 320,000. The performance and the capabilities of these people are vastly improved and the equipment flow that is going into those units is becoming very effective.

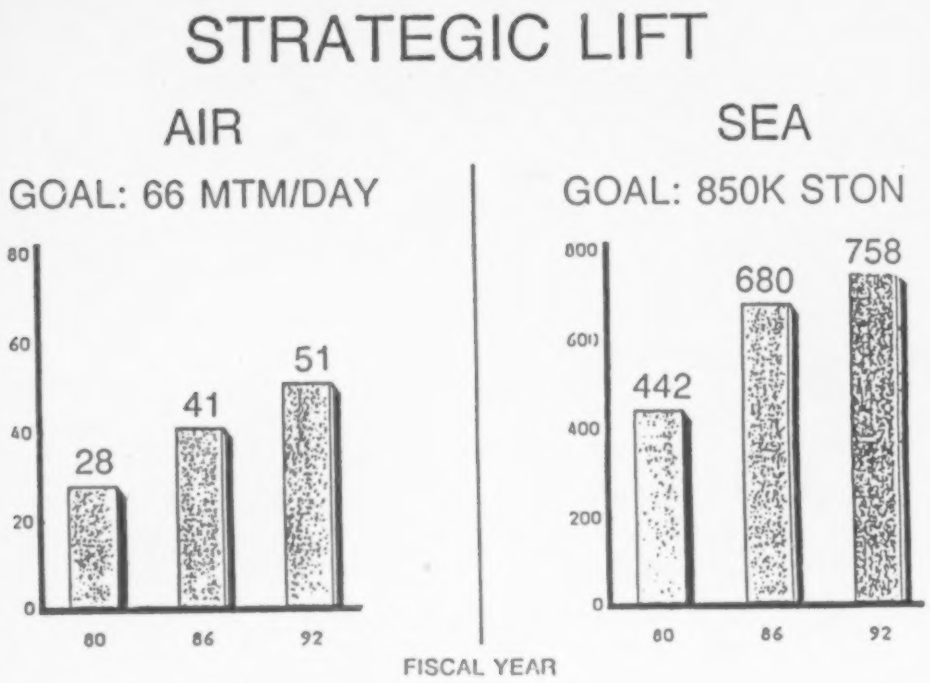
We see the capabilities of these people when we deploy them overseas.

[Clerk's note: The photograph referred to in the following paragraph is not reproducible.]

ROADBUILDING IN PANAMA

Secretary MARSH. This is a scene that was taken in Panama. We find that engineer units—this one was from Missouri—have an extraordinary capability in performing this type of work in places like Panama. I would say to you that there is a group of National Guard-Reserve, mixed with some active, down in Ecuador at the current time building roads in the interior of Ecuador, repairing the damages that were caused by the recent earthquake. They will be there until about September.

You will probably see in excess of 50,000 National Guardsmen and Reservists deployed probably in more than 40 countries in the world in the coming year.



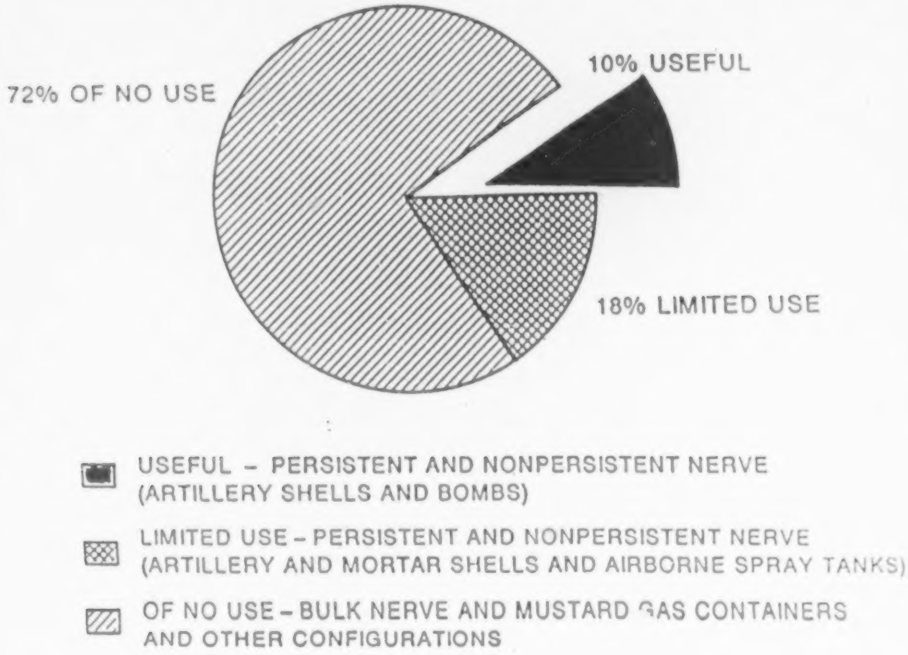
STRATEGIC LIFT

Secretary Marsh. Now I mentioned airlift and sealift. This chart shows our shortfall.

CHEMICAL WARFARE

Secretary Marsh. You were asking what things we need that we cannot control. I would also point out to you that chemical weapons is of a major concern to us as a deterrent.

CHEMICAL STOCKPILE USEFULNESS



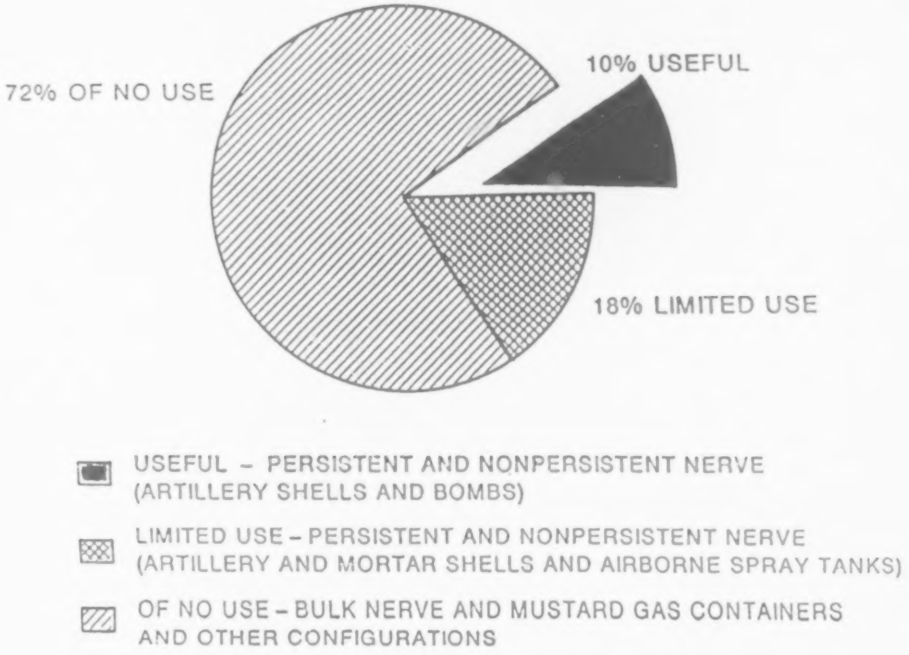
CHEMICAL STOCKPILE

Secretary Marsh. We have another interest in that we have only a 10 percent supply that is useful. That is very troublesome, but the Army has another obligation that we have to address. We are the executive agent for the Department of Defense for the demilitarization of all obsolete chemical stocks, and I can tell you that is a very formidable requirement that is very controversial and very difficult.

So it is a pleasure to be here, sir, and in summary I would say to you that the Soviets that see the American Army in 1987 see a different Army than they saw in 1980 and in 1977. Thank you.

[The prepared statement of Secretary Marsh follows:]

CHEMICAL STOCKPILE USEFULNESS



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[The prepared statement of Secretary Marsh follows:]

PREPARED STATEMENT OF HON. JOHN O. MARSH, JR.

SECRETARY OF THE ARMY

Mr. Chairman and Members of the Committee:

We are approaching the Bicentenial of the Constitution of the United States. The Constitutional Convention that convened in May 1787, and completed its work in September, produced a system of delicately balanced government to provide ordered liberty, security, the pursuit of happiness, and opportunity. Of the 40 signers, 23, including the Secretary of the Convention, had military service, either in the Continental Line, which ias the Regular Army, or in state militia. That is something we in the Army are proud of.

Once you provide for the common defense, then it is possible to attain the sixth purpose of the Constitution, which is to secure the blessings of liberty to ourselves and our posterity. These two purposes are interrelated. The preservation of liberty requires a strong defense. That was true in 1787. It is true in 1987.

The Kremlin, which means fortress in Russian, has become synonymous with the Soviet Union. It is a symbol to the Soviet citizen of the role of military power and a strong link between the military and political authorities.

The Soviet Union draws its strength from the force of arms. It is the most significant threat to the security of the United States and our Allies. It has waged ruthless aggression on its neighbor states. From its Eurasian power base, it now leap-frogs its power to the four corners of the globe. It threatens the peace of an insecure world.

Today, the Soviet Union has more than 200 ground force divisions, 1,400 intercontinental ballistic missiles, 50,000 tanks, 260 attack submarines, and 8,400 tactical aircraft. With the Warsaw Pact they hold advantages over NATO of 2:1 in tanks, of 2:1 in combat aircraft, of 3:1 in artillery, and a 3:1 advantage in combat helicopters and surface-to-air missiles.

The quantitative imbalance between the United States and the Soviets is well known. However, what is not so clear is that because they modernize constantly, we are in danger of losing our qualitative edge as well. They devote more than two and a half times the percentage of the gross national produce to military purposes as does the United States.

There is active Soviet adventurism abroad, with subversion and aggression aimed principally at the lesser developed countries of the Third World. They maintain plans for large scale Soviet invasions beyond their borders. They also have turned more and more to the use of proxies to avoid direct confrontation. They have turned Cuba into a Caribbean arsenal. Its geographical significance cannot be disregarded in light of the fact that 45% of all United States imports and exports, 60% of NATO supplies, and 55% of our crude oil imports must transit the Caribbean. Their intelligence collection station at Lourdes near Havana is the second largest they operate in the world.

Today, Nicaragua is being Cubanized. Political parties, press and church are suppressed. Population control is being instituted. Arms are being received from not only the Soviet Union, but also East Germany, Cuba, Libya, Bulgaria, and the PLO. They have an Army larger than those of their neighbors combined, with more than 150 tanks, 200 armored vehicles, 56 helicopters (including 35 HIPs and 12 HINDS), and 300 SA-7 surface-to-air missiles.

Apart from direct or proxy military actions, the Soviets work diligently to subvert and destabilize governments. Once approach to gaining entry is through their foreign military sales program, with about 20,000 Soviet military representatives in nearly 30 nations. Another is the brainwashing of a country's youth in the guise of educational aid. About 90,000 students from the lesser developed nations of the world study in the Soviet Union, the bloc countries or Cuba. Fourteen thousand are from Central and South America alone.

Surely it must be perceived there is a growing threat to the collective security of this hemisphere that warrants the modest request to aid those supporting freedom in Nicaragua.

Central America is not half a world away. It is on our doorstep, no farther from here than a flight to Denver.

Threats of major conflicts have been contained because of American forces at home and abroad.

In Korea, there has been no formal conclusion to the war that decimated that country more than 30 years ago. United States soldiers stationed there are part of the deterrent that has kept the North Koreans from sweeping south again.

The North Atlantic Treaty Organization has preserved peace in Western Europe for a longer period than any time since the beginning of modern European history. We are key players in that Alliance. That is just as important in 1987 as it was in 1947.

Out of this Alliance has come enormous benefits, both economic and diplomatic that not only work to our advantage, but have the broader effect of achieving the mutual goal of preserving freedom.

Some have declared that we should do more to make our Allies shoulder their "fair share" of the defense burden. In point of fact, the Allies on average are bearing their fair share of the defense burden. Some are obviously doing more than others. While we cajole these others into doing more, it is important for us to realize that most make significant contributions to the Alliance, and this contribution has grown in recent years.

With respect to NATO, not many realize that the Western European nations account for about 30% of all military expenditures, 60% of the active military personnel, and 60% of the ground and air combat units. They contribute proportionally more than twice as much to the Alliance as their Warsaw Pact counterparts. Also, since the early 1970's European defense spending has increased by 2% per annum in real terms, and the European share of NATO defense spending increased by 27% in real terms from 1971 to 1983. During the same period United States defense spending decreased in real terms by one to two percent.

In Northeast Asia, South Korea and Japan also field significant deterrent forces (600,000 and 250,000 military personnel, respectively). And we have seen in the last week of January the breaking of the 1% barrier in defense spending by the Japanese. Given the expanding Soviet threat in the Pacific, this bodes well for the future as the Japanese assume responsibility for defense out to 1,000 miles from their Nation.

While we wish that some of our Allies would do more, on average they continue to bear their fair share of the defense burden. We should continue to set the example for them and encourage them to do more. Yet whatever we do must not be seen as punitive or spiteful. It may well have the opposite effect from what we intend.

I know resources are constrained. I know that the shadow of Gramm-Rudman-Hollings is ever in the background. Yet I would ask that when you consider defense matters you do so not with an eye toward deficit reduction. Rather, you should consider how much defense is enough? What is it we are trying to do? What are the threats we face in the world, the obstacles to our objectives? Do we have sufficient forces in type, flexibility, and balance to overcome these obstacles? Have we managed wisely those resources which have been entrusted to us? The real issue becomes how much risk you are willing to take when it comes to the defense of the United States and the deterrence of war, not whether the defense budget should be reduced at the same percentage as, for example, transportation funds.

Today I would like to make the case for a more capable Army. I do so with full support for the President's budget, which if carried out will not trigger Gramm-Rudman-Hollings, and which would provide for a defense of the United States with minimum prudent risk.

The world is not at peace. Without your support for a strengthening of our conventional forces, the likelihood exists that the nuclear threshold we are attempting to raise may actually be lowered. We need strong conventional forces, which, in effect, have become in today's world a "strategic deterrent" in and of themselves. Strong conventional forces are needed to deter or discourage any outbreak which could readily escalate into a nuclear exchange should our conventional forces fail.

Many people are not aware how capable our Army has become -- nor do they appreciate how far we've come in a few short years. Nor do I think many realize or understand the hard decisions we have had to make to produce such an effective fighting force. I would say that the Soviet officer is fully aware that we are stronger today than we were at the end of the last decade.

Today, the Army contributes a 28 division force to our military strategy, 18 in the Active forces, 10 in the Reserve Component. Six Active Component divisions are forward deployed, four in Europe and two in the Pacific and Northeast Asia. Six more are marked for rapid reinforcement of NATO. This leaves available for reinforcement, contingency and strategic reserve a 16 division force, of which 10 are in the Reserve Component and 6 are Active.

We have few or no forces at all in Southwest Asia, Africa or Latin America, each of which is a cauldron waiting to flare up. Because of the distances involved, we place a high priority in developing a force which is flexible, balanced between heavier, lighter, and Special Operations Forces, and capable of fighting across the full conflict spectrum. We also place a premium on both a strong central reserve and strategic mobility so as to effectively and rapidly project our power where it is needed, when needed, or even before it is needed so as to deter a conflict before it can escalate.

One of the first critical decisions I and the Army Chief of Staff made early in this administration was to hold the active end strength constant at 781,000. This would allow growth in the Reserve Components, and protect readiness, sustainability, essential modernization and people programs. The alternative would have been to expand force levels, seek additional end strength, accept an Army with older, less threat capable equipment, retard modernization and equipment fill rates, and reduce sustainability build-up.

In FY 1980, of every ten soldiers recruited, six were of the lowest test score category enlistable, only two were of the highest category, and only half were high school graduates. These soldiers were harder to train. More of them had to be recruited to make up for attrition.

Today, out of every ten new soldiers only one of 25 are of the lowest test score category enlistable, six are of the highest category, and nine are high school graduates. These soldiers are easier to train, are more effective in combat, are better disciplined, and quite capable of handling complex weapon systems. The reserve force is also better able to support the active force, and, with reduced attrition costs, represent a better use of the taxpayer's dollars.

Education benefits have had positive effects in our recruiting efforts. They are a strong enlistment incentive for high quality, college oriented youth. Thirty-seven percent of high quality male high school graduates rated education benefits as the single most important reason for enlisting. There is a participation rate of 75% since the start of the New GI Bill and nearly 85% in the last several months. A startling 43% of high quality recruits state they would not have joined the Army without the GI Bill plus the Army College Fund. Therefore, we need to continue education benefits to increase the pool of potential applicants as we approach the 1990's.

I should point out that we are relying more than ever on our National Guard and on Army Reserves in building our total defense. Today there is one soldier in either the Guard or Reserve for every soldier on active duty. Reserve Component forces provide 53% of our total force structure, 70% of our deploying forces, 52% of our combat forces, and 52% of our combat support or combat service support forces.

This reliance on the Reserve Component will increase as we seek to build a stronger partnership. Last year, more than 45,000 Guardsmen and Reservists trained in 39 countries of the world. The requirements that were placed on these units are demanding. The impact is also felt on families and employers. I seek your help and support for programs to assist our soldiers in these units to meet their military requirements.

Readiness is the ability of a force to perform its mission on short notice. To this end, since 1980 we have invested significantly in equipment and facility maintenance, emphasized realistic training, improved recruit quality, and built up ammunition and repair parts stocks. We have also added 23 combat battalions and two divisions to the Active Component and 32 combat battalions and two divisions to the Reserve Components without adding active personnel to the force. Today our combat forces are half again more capable than they were in 1980.

I bring these figures to your attention in response to those critics who say we have too much fat in our headquarters, that we have too many officers. Your Army has played by the rules. We have been squeezing the "fat" from our headquarters to grow more combat power for several years. There is little left to squeeze. The congressionally mandated 6% officer reduction will have a tremendously adverse impact. We will lose to forced retirement hundreds of combat experienced, fully qualified officers. We will have to mortgage our future by reducing accessions.

I need not remind you that there is no lateral entry in this business. Once a shortage in a year group has been created, it will remain throughout its 30-year life cycle.

While heavier forces remain oriented toward Central Europe and the NATO commitment, our lighter forces - such as the Special Operations Forces, the airborne, air assault, and light divisions - have dramatically increased our strategic flexibility and deployability.

This very deployability may be, by itself, enough to deter escalation of a conflict -- or prevent a conflict altogether. And when combat is necessary, light forces are trained to fight -- day or night -- in all types of climate and terrain. And without the "heavy footprint" of an armored unit, light forces permit more rapid restoration of a trouble spot to a peaceful environment.

They are certainly not the whole answer -- but light forces are giving us more options to choose from in meeting land power challenges. They also give our Army more relevance to today's world.

By now you might suspect that by its very nature the Army has become the most joint of the Services. You are correct. We go to war on someone else's ships and on someone else's aircraft. "Jointness" is vital to our success in combat. Our AirLand Battle warfighting doctrine is keyed to jointness and reintroduces the operational art as a focus of military activity between tactics and strategy, providing a unified view of the battlefield.

Because we seldom will fight alone, we are strong supporters of the Joint Force Development Process. Since May 1984, the Services have consolidated many multiservice ventures. Three-fourths of 37 initiatives have been implemented, at a cost avoidance savings of $1 billion. This program provides direct support for our commanders and includes enhancements in the defense of key facilities, counter air operations, sustainment, suppression of enemy air defenses, reconnaissance, targeting and deep attack.

Regardless of how ready or how efficient or how effective the Army may be, it is useless as a deterrent force unless there exists the means to carry it to the battlefield. We fully support the efforts of our sister Services to enhance their airlift and sealift capabilities. Yet the fact remains that even by FY 1992 our armed forces will still be 23% short of attaining its airlift goal of 66 million ton miles per day, and 11% short of its sealift goal of 850 thousand short tons.

Sustainment of our forces has improved substantially in recent years. POMCUS stocks have doubled. Stocks of munitions, major end and secondary items have also increased, although at a slower rate than we would have desired. Their rates will continue to increase. Medical readiness will also improve, as will Host Nation Support. We are reducing critical equipment shortfalls and invested in logistic unit productivity initiatives. We have had to make some difficult tradeoffs, but the Army is committed to enhancing combat support and service support capabilities.

Even though we will have completed half of the acquisition programs initiated in the 1970's and procurement objectives will be more than three-fourths achieved for the "Big Six" items (Abrams tank, Bradley Fighting Vehicle, Black Hawk and Apache helicopters, Patriot and Multiple Launch Rocket System), there typically is a two-year delay from time of procurement until an item is fielded. By the end of this year, only one-third of our units will have been modernized.

Our modernization program will continue in the new budget, but at a slower pace. We cannot afford to modernize all of our systems simultaneously, so we have had to be selective in which systems to modernize, and how many we can afford to buy. Because of this we also must depend heavily on a product improvement program to gradually improve existing systems. I am concerned that our modernization efforts will not keep pace with Soviet advancements.

Our development and acquisition strategy is keyed to AirLand Battle Doctrine. We intend to field an array of weapon systems that will be mutually supporting and designed to cover all phases of the battlefield: close, deep, and rear. Examples of this "system of systems" include the MLRS, Aquila Remotely Piloted Vehicle, and the Joint Surveillance and Target Attack System to support Deep Operations. Close operations requirements are met with systems such as the Abrams tank, Bradley Fighting Vehicle, and attack helicopter. The Black Hawk and Logistic Unit Productivity Systems support rear operations.

I have portrayed a modernization program that is moving ahead, although slower than desired. But the Army needs your continued support. Budget reductions will cause programs to be reduced, postponed, stretched out, or eliminated. Less capability, at greater cost will result. All of our programs are important, but there are four I want to highlight. Without your support for them, our soldiers will be placed at great and unnecessary risk on the battlefield. Specifically, I am talking about shortfalls in forward area air defense, tank killing capabilities for our Infantry, chemical deterrence and an aging helicopter fleet.

Just because we did not field the ill-fated Sergeant York doesn't mean the threat has gone away. We cannot today adequately protect our soldiers from an enemy air attack. One weapon system alone will not cure our problem. We need weapons on the battlefield that can handle both line of sight and nonline of sight targets, including hovering helicopters.

We also urgently need a replacement for our Dragon anti-tank weapon which has been in the field since 1975 and cannot defeat the evolving Soviet tank threat. The highest priority development program for our light infantry forces is the Advanced Anti-Tank Weapon System - Medium.

Chemical warfare is a subject that psychologically is hard for some to deal with. We all have an abhorrence for the spectre of chemical warfare. You might recall a picture from the January 17, 1987 issue of the Washington Post. It depicts Iranian soldiers in the trenches wearing gas masks. Chemical warfare is being used in the Mideast and in Southeast Asia. There have been reports of its use in Afghanistan. We do not have an effective chemical warfare deterrent. Protective measures alone are not enough. We must replace our deteriorating stockpiles with a safer, smaller more effective binary munition.

Many of the airframes in the Army's helicopter fleet are older than their pilots. Battlefield Doctrine is also rapidly evolving. For us to take the greatest possible advantage of AirLand Battle Doctrine, we will need to replace our entire light helicopter fleet. The LHX as envisioned, would provide significant advances in combat capability and survivability. As this program evolves, I would ask for your support. It will provide us with a significant leap forward in battlefield ability and utility against a Soviet threat.

Have we spent the Nation's money wisely? Absolutely. Could we possibly have done better? With hindsight, Yes. Have we been innovative? Let me give you some examples.

In FY 1986, more than 53% of all dollars used for procurement were competed. Of the $32 billion in contracts let, $17 billion was competed. Conservatively assuming 20% savings for competition, the Army successfully avoided costs of almost $3.5 billion. Our competition goal for FY 1988 is 57%.

We have also expanded use of multiyear procurement contracts when it made good sense. We have avoided costs of almost $2 billion since FY 1982 in contracts involving M1 tank components, the Black Hawk airframe, Patriot, Stinger, and the T700 series engine.

At Fort Drum alone we have avoided costs of almost $700 million in family housing through the use of third party contracting. We will continue to explore such innovative concepts as "build to lease" and "rental guarantee." These provide significant dollar savings and much needed housing for our soldiers and their families.

We are well into the implementation of a number of major changes in the way we are organized. I am talking about the Congressionally mandated reorganization of the Department of Defense, the creation of a Special Operations Forces Command, and the Packard Commission recommendations. Each is a major systemic change.

The FY 1988-1989 Budget builds on prior budgets and will continue to provide the national leadership a range of responses to meet military requirements. It will provide funds to continue essential improvements in readiness and sustainability of forces. It also supports a flexible and responsive conventional force. It ensures we will maintain, improve and retain a competent and quality force. It is not, however, sufficient to provide a modernized force of qualitative conventional superiority over forces of the Soviet Union.

In the face of budget constraints, we are asking for only a modest real growth of our budget, 3.3% in 1988 and 2.3% in FY 1989.

Let me be frank. Our budget is not risk free. Less money will buy less defense. The Army has sustained, in terms of real growth trends, since 1970 a negative growth of about a half of a percent.

As you consider our budget request, I would ask you to do so not in a line-by-line review. Rather, look at it in terms of how it supports the national military strategy and our national security objectives in the context of a complex, changing, and dangerous world.

Landpower is the bulwark of the Nation's conventional defenses. Consequently, your support of the Army is needed to continue our ability to serve as an effective deterrent to war and a powerful contributor to the war-fighting capabilities of the United States. To do otherwise would expose the United States and the free world to risk of catastrophe.

CHIEF OF STAFF, U.S. ARMY

STATEMENT OF GENERAL JOHN A. WICKHAM, JR., CHIEF OF STAFF, U.S. ARMY

Senator PROXMIRE. General Wickham?

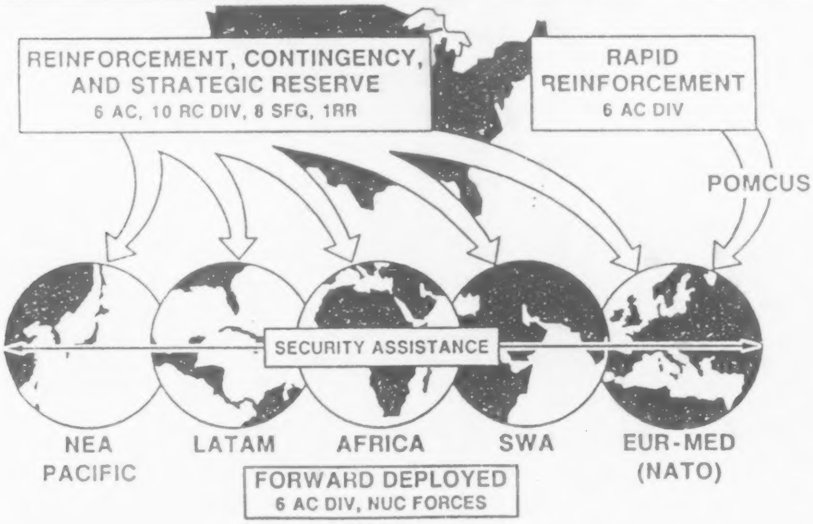
General WICKHAM. Thank you, sir. I wonder if I might put my formal statement in the record, and I just have a few slides that I would offer as a follow-on to the Secretary's.

Senator PROXMIRE. Go ahead, sir.

General WICKHAM. First, sir, let me thank you very much for those kind comments about my service and particularly about my family. It has been a great honor for me to serve my country for 37 years as an officer, and particularly to serve at its highest position as the uniformed steward.

I welcome the opportunity to say a few words about this Army before this Committee. Let me have the first slide.

TOTAL ARMY CONTRIBUTION TO MILITARY STRATEGY
(28 DIVISIONS AND SOF)


REINFORCEMENT, CONTINGENCY, AND STRATEGIC RESERVE
6 AC, 10 RC DIV, 8 SFG, 1RR
RAPID REINFORCEMENT
6 AC DIV
POMCUS
SECURITY ASSISTANCE
NEA PACIFIC
LATAM
AFRICA
SWA
EUR-MED (NATO)
FORWARD DEPLOYED
6 AC DIV, NUC FORCES

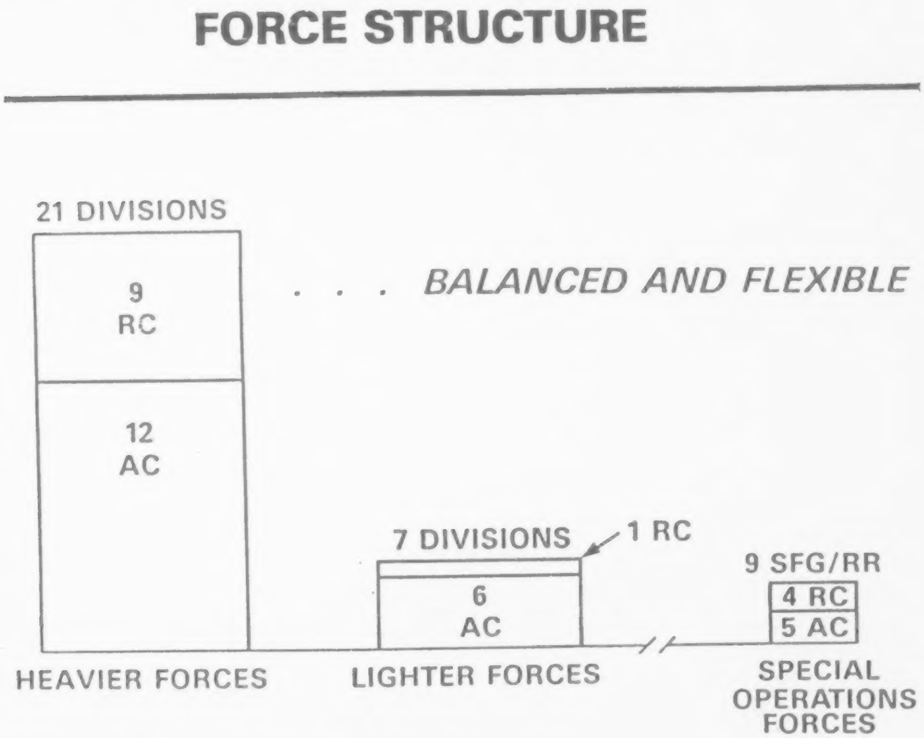
TOTAL ARMY CONTRIBUTION TO MILITARY STRATEGY

General WICKHAM. As the Secretary indicated, we have 28 divisions in the structure of our Army, scattered around the world in terms of commitment. In the reinforcement capability, there are 6 active divisions, 10 Reserve divisions, 8 Special Forces Groups, and a Ranger regiment. We have a rapid reinforcement capability of 6 divisions flowing basically into the European scene. As you know, we are hard at work in building capabilities in Europe so that these divisions can get over there within 10 days. Our commitment is 10 divisions in 10 days.

We have 4 divisions-plus there now. We have to fly 6 over. So we do have this prepositioned materiel configured in unit sets [POMCUS]. We are building toward 6 division sets. We only have 4-plus there now. We are putting equipment over there as fast as NATO can build humidity-controlled warehouses, and we have 6 divisions that are forward-deployed around the world, 4-plus in Europe, as indicated. The remainder of our reinforcement capability is in the United States to go to a variety of areas.

This is the smallest Army this country has had in 37 years. We have enormous commitments, unlike the Soviets, and your point earlier about net assessment I underscore and I agree completely. I will give you a couple of comments about that at the end of my remarks.

We have an obligation because of this complexity of commitment around the world to build much greater flexibility into our forces. That, in part, is behind the light division structure. Part of the 6th Division has gone into Alaska because of the geographic capabilities that Alaska provides and the nature of the threat that exists there.

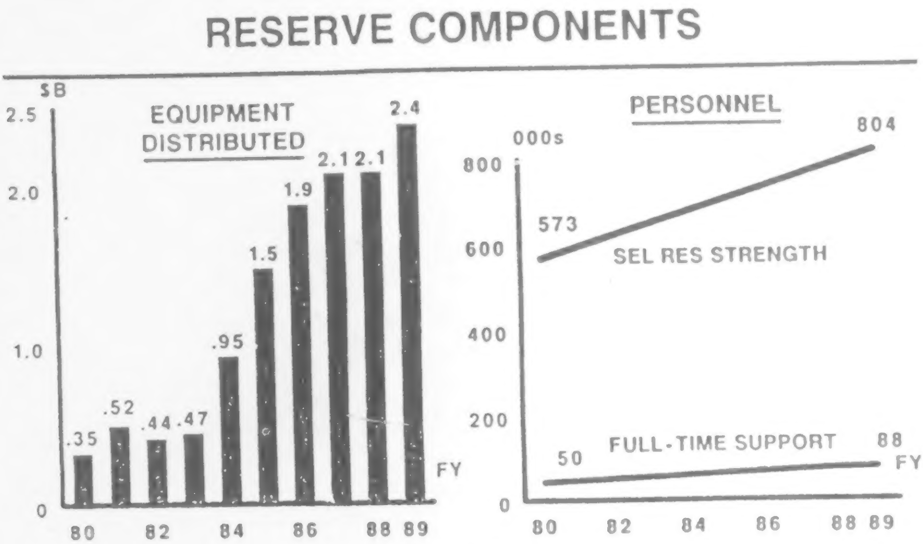


FORCE STRUCTURE

General WICKHAM. The Secretary has talked a little bit about this and I will not cover it again other than to say this is how our Army, the American Army, is structured, again the smallest Army in 37 years, far smaller than before Vietnam began. We have 781,000 soldiers in the Active Army today, and in 1965 we had 969,000 and we grew that into 1.5 million. If we have to mobilize now we would have a far greater distance to go.

In any event, the size of these standpipes is basically in relation to the structure of the Army. Most of our structure is heavy, oriented towards NATO and Southwest Asia. The remainder of our structure consists of the lighter forces and SOF forces, much smaller in magnitude but far greater in terms of deployability and capability to get around the world. What we have tried to do, the Secretary and I, in the past 3 to 4 years, has been to make the Army more relevant to the times by the creation of a more rapidly deployable force.

Heretofore our light divisions took a month's worth of strategic lift to move 1 division; now we can move them within a week.



. . . FIRST TO FIGHT
. . . FIRST TO BE EQUIPPED

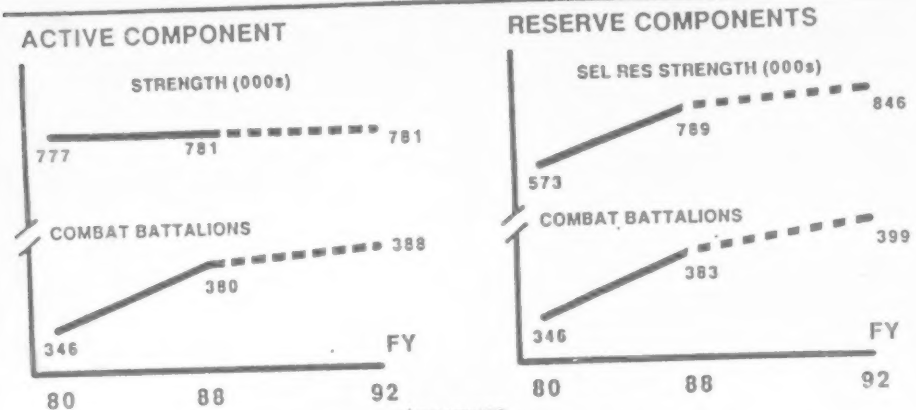
RESERVE COMPONENT

General WICKHAM. What have we done with our Reserve forces? This is one of the biggest success stories in the nation and I am not sure it has been given adequate coverage. We have built up the structure of our Reserves. The Reserves are far more capable now than at any time in their history. That is the size of the Reserve, going from roughly 600,000 to over 800,000 and the full-time cadre, the essential cadre, also has grown.

But look at this. What has happened here, with congressional support and with the Army commitment, is that the first to fight has become the first to be equipped, growing from only $.5 billion a year of new equipment into the Guard and Reserve to $2.5 billion a year—a remarkable turnaround in terms of capability.

Now it is true there is only so much you can expect of soldiers that train 40 days or so a year, but they are far greater in terms of capability than ever before because of this growth in capability here, and the growth in equipment.

TECHNOLOGY AND PRODUCTIVITY ENHANCEMENTS
GROWING COMBAT CAPABILITY



INITIATIVES

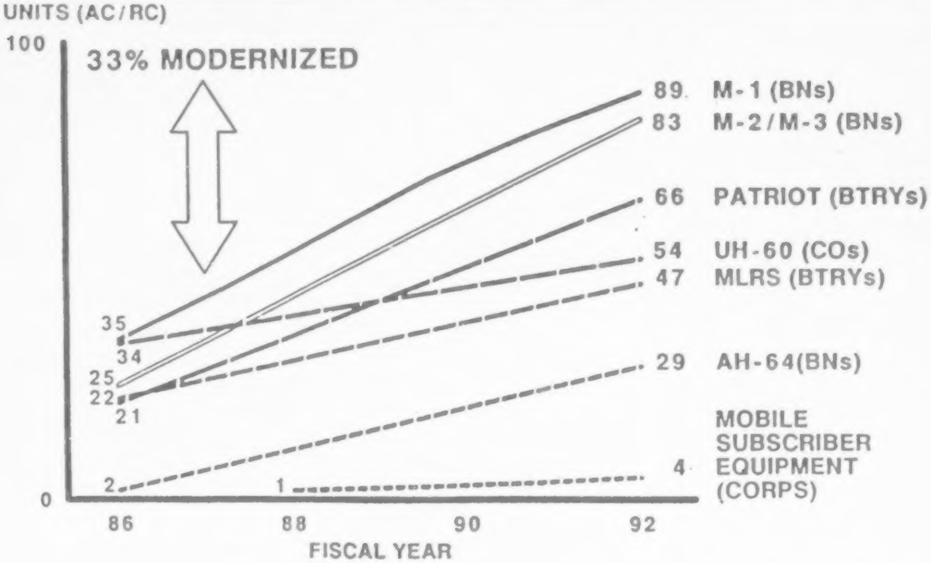
- PRODUCTIVITY ENHANCING TECHNOLOGY
- ORGANIZATIONAL MODERNIZATION
- HEADQUARTERS REDUCTIONS
- RESERVE COMPONENT GROWTH
- CIVILIAN SUBSTITUTION, CONTRACTING
- HOST NATION SUPPORT, CONTINGENCY CONTRACTING

TECHNOLOGY AND PRODUCTIVITY ENHANCEMENTS

General WICKHAM. I think there is another remarkable story here. As I mentioned, the growth in the Reserve combat battalions. As their strength has gone up, the combat battalions have gone up. This contributes to deterrence and is a remarkable story over here with the active army fixed end strength. The Secretary and I made this decision for good reasons. It is a discipline reason, but even so we have been able to grow combat capability.

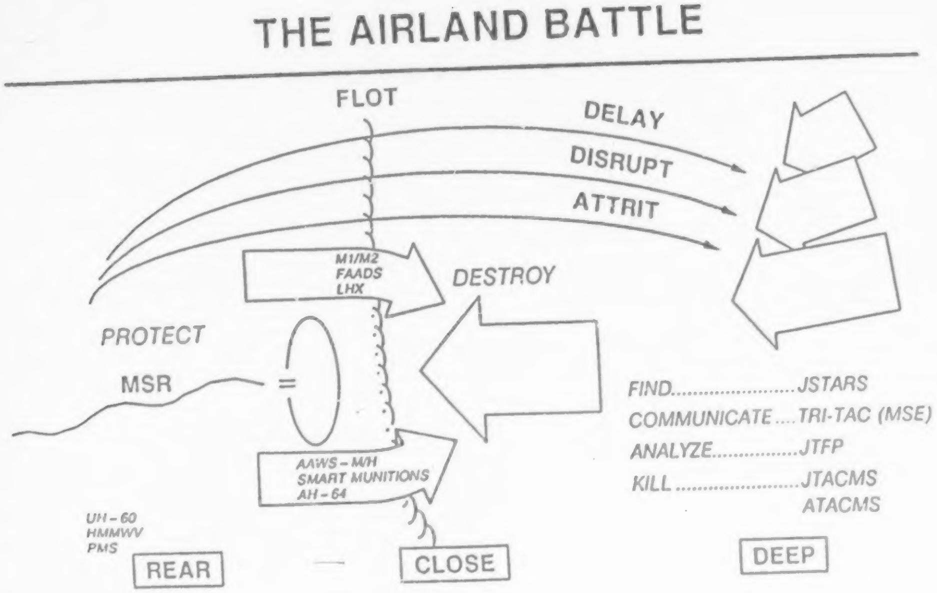
Within the fixed end strength Army we have created 40 more combat battalions. That is where the 6th Division came from. That is where the 10th Division came from. We did not ask the Congress for more people. We generated the combat capability ourselves. We have created more artillery battalions, more aviation battalions, more air defense battalions out of our own hide. Now we had to get the equipment, to be sure. We have also cut our headquarters. We did not wait for the Nichols-Goldwater bill to cut our headquarters; we cut it in advance. Now we have to cut it again, but we are doing that.

UNIT MODERNIZATION



MODERNIZATION

General WICKHAM. What have we done in the way of modernization? This is just somewhat illustrative. The curves illustrate the growth in modernization. The Secretary talked about that. We are only one-third complete. The message from the field to the Congress: We need to continue the modernization that has begun in the Army. We are behind the other services.


THE AIRLAND BATTLE
FLOT
DELAY
DISRUPT
ATTRIT
M1/M2
FAADS
LHX
DESTROY
PROTECT
MSR
AAWS-M/H
SMART MUNITIONS
AH-64
UH-60
HMMWV
PMS
FIND.......................JSTARS
COMMUNICATE....TRI-TAC (MSE)
ANALYZE................JTFP
KILL........................JTACMS
ATACMS
REAR
CLOSE
DEEP

AIRLAND BATTLE

General Wickham. I will not go through this in any great detail, but this is the airland battle as a concept, and the point here is to illustrate that there is some rationale, some coherence to what the Army asks of the Congress in the way of equipment. It is called the concept-based requirement system.

We have a concept of fighting on battlefields. Part of that concept is to strike the enemy deeply up to 250 kilometers to interdict the second echelon, and there is equipment that goes with that. It is joint as well as uni-service.

We also have to fight in the close-in battle, and we have equipment designed to deal with that, such as the anti-tank systems and smart munitions and the Apache helicopter, something Senator DeConcini is concerned with, as well as many others. And we also have to fight the rear battle, and we have capabilities to do that. So there is some coherence to what it is the Army asks for in the way of assets.

JOINTNESS

JOINT FORCE DEVELOPMENT PROCESS

- ORIGINAL 31 JOINT INITIATIVES NOW 37. (80% IMPLEMENTED)
- ARMY AND AIR FORCE PARTICIPATE
- DIRECT SUPPORT TO THE COMBATANT CINCS
- COMPLEMENT RATHER THAN DUPLICATE CAPABILITIES
- INCREASE TOTAL FORCE EFFECTIVENESS
- $1 BILLION COST AVOIDANCE

JOINTNESS

General WICKHAM. Jointness. The Secretary touched on this briefly. If we go to war tomorrow we go as joint forces and we go as combined forces. The former Chief of Staff of the Air Force and I have put a group together to look at how we can make our services more relevant and reduce overlap. Some 37 initiatives have come out of that. Four of them alone have led to $1 billion of cost avoidance. These initiatives are continuing. Most of them have already been implemented and they have led to far greater capability on the battlefield than heretofore.

CONCERNS

- MODERNIZATION
- DOD REORGANIZATION ACT (TITLE IV)
- R & D INVESTMENT
- MAINTENANCE & READINESS
- OFFICER REDUCTIONS
- SOLDIER & FAMILY PROGRAMS

DOD REORGANIZATION ACT

General WICKHAM. Modernization I have touched on. We are only a third finished. The DOD Reorganization Act, Title IV deals with joint dimensions. I have more joint duty as a general officer than anyone on active duty today in any service, 17 years; yet I would not qualify under the law. Something is wrong with the law, and I think that in the enthusiasm of building Title IV requirements—and I applaud the initiative there—that we have overstepped and we are asking too much of the system in terms of the requirements.

If we are not careful, we are going to be prioritizing staff development as opposed to professional development of our senior officers and we need to make some adjustments here, and the Department of Defense has come back with some adjustments, modest adjustments in Title IV, and I urge the Congress to look upon these adjustments favorably.

RESEARCH AND DEVELOPMENT

Research and development versus investment, a great proclivity to buy more birds in hand as opposed to birds in the bush, to forego investment for research and development or vice versa. We have a classic case now before the Congress. We have had to reduce the Apache buy and kill the AHIP program. Pressures are evident that you ought to continue to buy the Apaches and buy AHIPs and buy Black Hawks and not invest in the LHX helicopter.

If the nation gets out of the LHX helicopter as a research and development program, we are going to forego being a world class leader in helicopters as a nation and we are also going to condemn ourselves to mediocrity on the battlefield in terms of aviation.

MAINTENANCE AND READINESS

Maintenance and readiness accounts. These are very important to the keeping up of readiness of the force. If we are not careful and put more and more into investment for new items, the accounts of maintenance are going to grow in backlog and the overall readiness of our forces is going to go down.

OFFICER REDUCTIONS

Officer reductions and soldier and family programs. I leave two last thoughts here with the Congress. These are deep concerns; Congress has mandated a 3-year reduction in officers—1 percent this year, 2 percent in 1988 and 3 percent in 1989. I urge the Congress to rescind the 2 percent and 3 percent reductions because they will eat directly into our combat capability if we have to take those reductions.

SOLDIERS AND FAMILY PROGRAMS

Soldier and family programs. As the Secretary indicated, today we have the best soldiers in the Army's history, but the quality of the Army in terms of its people is very fragile and we need to sustain these programs in terms of support. The GI bill that has passed overwhelmingly is part and parcel of that, and it sends a powerful signal throughout the force, but we need to continue to invest in the soldier and family programs.

NET ASSESSMENTS

I leave it with that, sir. One last comment. You spoke earlier about net assessment. I could not agree more with you about net assessments. I think that the Chairman's, Admiral Crowe, and Secretary Weinberger's statements and their formal statements contain a net assessment. But I would just give you a couple of comments directed at that because I think on balance we are far better off now than we have been in recent years in terms of our ability to assure deterrence. The investments that the Congress has authorized in the past 4 to 5 years have been put to good purpose. That does not mean that we don't have more to do.

SOVIET WEAKNESSES

The Soviets have some important weaknesses. They have a disparate ethnic base. They have a potentially unreliable Warsaw Pact that they have to deal with, and they have a monolithic doctrine and command structure. Some might argue that that is an advantage, but I think it is a disadvantage. They do not have a non-commissioned officer corps in the Soviet Army. They have a lot of officers and a lot of generals; they have twice the structural overhead that we do in that regard. We have a very good non-commissioned officers corps.

One might argue that Afghanistan involvement is a pro and a con for them, pro in the sense that they are learning battlefield skills and learning how to employ helicopters, how to use medics on the battlefield, command and control, but it is an enormous drain on them— multi billions of dollars going down in terms of investment. Their technology base, I think, is to a degree a disadvantage vis-a-vis the West, but the gap is closing.

SOVIET ADVANTAGES

Now there are some important advantages the Soviets have, and we must recognize them and not blink them away. They have quantity of weapons. We do not have to match them item for item, but quantity does make a difference in terms of sustainment on the battlefield. They have 6 times the amount of artillery, weapons, that we have in NATO, and that does make a difference in terms of destruction and interdiction on the battlefield.

They have a production base that is far more capable than ours in the United States, even though we have made major efforts to rebuild our production base, and there is very little production base in Western Europe. The United States basically has it all.

I think that the Soviets have a method for producing new equipment that I wish we had. They have three items—one in the field, another item that is on the drawing board, and a third item that is in the process of development. We have a jerky approach towards developing new items of equipment, and they have a much more orderly process.

Their decisionmaking probably is a little more rapid than ours. They can turn things around more quickly than we can. They do not have the system of government that we do, although I think ours is far better. Nonetheless they probably can make decisions quicker than we can. They can also make mistakes quicker than we can. They have tough training, but I think to a degree it is a monolithic type of training.

I think one of the great advantages of the Soviets that we must be very sensitive to as we now proceed into LR-INF and SR-INF potential reductions is that they have a very short line of communication. It is all land-based, easy to conceal, hard to verify. We have just a vulnerable over-the-water line of communications, or over-the-pole by air. I think that is a very powerful strength that the Soviets have and we must be very careful as we move down the road of reduction in our nuclear forces in Central Europe. We must recognize the Soviet capability to reinforce and also that, if we take our nuclear weapons out of Central Europe, the Soviets have a preponderance of numbers that may very well offset the balance that exists there today.

It is a very complicated business trying to net assess the Soviets, but I think on balance we probably ought to give ourselves greater credit than we sometimes tend to do. NATO has been very effective; it has kept the peace for the longest period in 400 years of European history. And as we seek now potentially to adjust the force balances over there we must be very mindful of the net assessment capabilities as you pointed out in your initial statement.

[The prepared statement of General Wickham follows:]

PREPARED STATEMENT OF GEN. JOHN A. WICKHAM, JR.

CHIEF OF STAFF, U. S. ARMY

During this year of the Bicentenial of our Constitution, it's a pleasure to appear before the 100th Congress and the Senate Appropriations Committee to report on the state of today's Army and our FY 88-89 budget. The Army Posture Statement gives a comprehensive discussion of our programs and budgetary issues. At the outset, I want to focus on the military capability of the Total Army--28 divisions and Special Operations Forces--and its contribution to national military strategy.

The challenges faced by the United States Army have never been greater. The Soviets continue to modernize their armed forces and expand their influence aggressively; regional and low intensity conflicts are spread throughout the world; and, terrorism is an international threat. Despite increasingly constrained resources at home, the Army is building its military capability--readiness, sustainability, modernization, and force structure--so it can help provide security for the United States now and in the future. We've made considerable progress; however, the Army's modernization programs are only one-third complete. The continued strong support of Congress is essential.

Naturally our military strategy, missions, and implementing programs all are oriented on achieving our national security objectives. Our national security objectives are shown on chart one.

NATIONAL SECURITY OBJECTIVES

- **DETER CONFLICT AND COERCION; DEFEAT AGGRESSION**
- **ASSIST ALLIES AND FRIENDS TO DEFEND AGAINST ARMED AGGRESSION, INSURGENCIES, AND TERRORISM**
- **ENSURE U.S. ACCESS TO CRITICAL RESOURCES, THE OCEANS, AND SPACE**
- **REDUCE SOVIET PRESENCE THROUGHOUT THE WORLD**
- **PREVENT TRANSFER OF MILITARILY SIGNIFICANT TECHNOLOGY**
- **PURSUE EQUITABLE AND VERIFIABLE ARMS REDUCTION AGREEMENTS**

...PEACE, FREEDOM, AND PROSPERITY

CHART 1

To accomplish these objectives, our Nation uses political, economic, military, and other elements of national power in accordance with a fully integrated national strategy. In support of the national strategy, the Joint Chiefs of Staff (JCS) develop, and the Secretary of Defense (SECDEF) approves, a national military strategy.

As the Secretary of Defense and the Chairman of the Joint Chiefs of Staff (CJCS) have testified before Congress this year, the employment of military power takes place in accordance with military strategy. The basic elements of our military strategy are shown on chart two. The Army plays a vital role in each. A flexible military strategy, based on joint operations with sister services and combined operations with Allies, is an essential ingredient of our ability to exercise national power, and I applaud the efforts of the Congress to sharpen our common understanding of its principles.

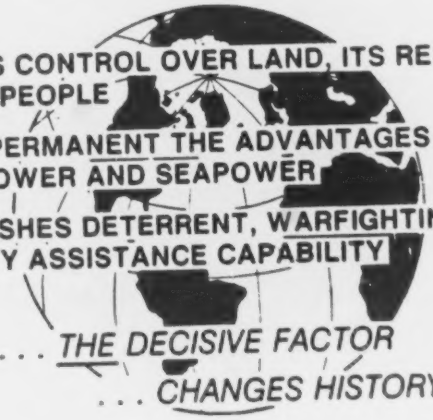
ELEMENTS OF MILITARY STRATEGY

- NUCLEAR AND CONVENTIONAL DETERRENCE
- ARMS CONTROL
- STRONG ALLIANCES AND REGIONAL COOPERATION
- FORWARD-DEPLOYED FORCES (MODERNIZED AND SUSTAINED)
- STRONG CENTRAL RESERVE (ACTIVE AND RESERVE FORCES)
- FORCE MOBILITY
- FREEDOM OF THE SEAS, AIR, AND SPACE
- EFFECTIVE JOINT COMMAND AND CONTROL
- GOOD INTELLIGENCE

CHART 2

Landpower, seapower, and airpower -- the operative elements of U.S. military power -- work together to execute this military strategy and achieve our national security objectives. Landpower, as shown on chart three, is the military capability that enables control over land, its resources, and its people. Landpower exploits and makes permanent the advantages achieved by airpower and seapower, and provides our ability to assist others, deter aggression, and fight if necessary. Battles may be won on the sea or in the air; but wars can be won and lost only on the ground History has proven that landpower is the decisive factor in warfare.

LANDPOWER



- ENABLES CONTROL OVER LAND, ITS RESOURCES, AND ITS PEOPLE
- MAKES PERMANENT THE ADVANTAGES ACHIEVED BY AIRPOWER AND SEAPOWER
- ESTABLISHES DETERRENT, WARFIGHTING, AND SECURITY ASSISTANCE CAPABILITY

. . . THE DECISIVE FACTOR

. . . CHANGES HISTORY

CHART 3

From the national security objectives and our military strategy, the Army derives the missions and tasks shown on chart four. The forces needed to execute these missions and tasks are allocated to the Commanders-in-Chief (CINCs). In the vernacular, the CINCs "fight the forces;" We, in the military departments, "build, maintain, and sustain the forces."

Military planning is conducted within the framework of the Joint Strategic Planning System, a rigorous process that links war planning to resource programming and budgeting. Here, we reconcile objectives, threats, forces (to include Allies), resources, employment options, and risks in order to design the overall military capability needed to protect our national security.

MISSIONS OF ARMY FORCES

- **DEFEAT A WARSAW PACT ATTACK ON NATO AND MAINTAIN ITS TERRITORIAL INTEGRITY AND SECURITY**
- **DEFEND VITAL U.S. INTERESTS IN THE PACIFIC**
- **DENY SOVIET CONTROL OF THE PERSIAN GULF AND ASSOCIATED OIL RESOURCES**
- **ASSIST ALLIES AND FRIENDS IN ASIA, LATIN AMERICA AND AFRICA**
- **MAINTAIN CAPABILITY TO COUNTER THREATS IN THE WESTERN HEMISPHERE**
- **RESPOND TO OTHER THREATS TO U.S. INTERESTS ANYWHERE IN THE WORLD**

CHART 4

The United States Army is the bulwark of American Landpower. The Total Army--Active, Reserve, and civilian components--is a 28-division force, which, with our Special Operations Forces (SOF), must remain ready to meet threats across a complex, dangerous spectrum of conflict. The diverse, global responsibilities of the Army demand that it be a balanced, flexible, ready force, manned by quality soldiers. This is a small Army for the missions assigned--the smallest Army in 37 years; thus, we assume proportionately greater risks with this minimum-sized force structure.

TOTAL ARMY CONTRIBUTION TO MILITARY STRATEGY
(28 DIVISIONS AND SOF)

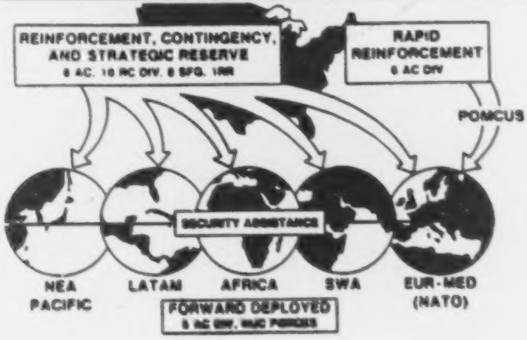


CHART 5

Chart five shows the nature of our contributions to military strategy. Specifically, the Army contributes strongly to conventional and nuclear deterrence because it is forward deployed (about forty percent overseas), because it can rapidly reinforce our NATO commitment (six divisions), and because it can quickly deploy anywhere in the world to meet contingencies (five light divisions and SOF). It provides security assistance, performs peacekeeping operations, and can fight terrorism. Also, Army forces are the backbone of America's strategic reserve. Thus, our 28 divisions and SOF perform vital roles in the execution of our national military strategy.

The U.S. commitment to NATO is particularly important because the Alliance is our Nation's forward line of defense. A strong commitment on our part deters aggression or intimidation by the Soviets, reassures our Allies that we are resolved to defend freedom and protect our interests, and strengthens our negotiating positions for arms control. In Europe, unilateral U.S. troop reductions--while searching for illusory cost savings--would unravel the Alliance and virtually invite Soviet intimidation or armed aggression.

While we must be prepared to fight at the mid-and high-intensity levels of conflict, security assistance (SA) is also integral to the Army's ability to deter or respond to threats to U.S. interests in various regions of the world. SA supports key friends and allies with nation building, self-defense resources, and advice. In FY 86, there were approximately 6,300 open Army SA programs for equipment and services valued in excess of $43.2 billion, involving over 100 countries and international organizations such as NATO and the Organization of American States. Last year alone, 165 teams (involving over 110 man-years of effort) operated around the world providing SA. Returns on our investment are substantial. Army programs help to obtain access to overseas bases, to enhance interoperability among military forces, and to increase U.S. influence and spread democratic ideals.

The case for a more capable Army--the mainstay of our conventional forces--is compelling. We face a complex, dangerous spectrum of conflict that ranges from low-intensity conflicts, such as local insurgencies and acts of terrorism, to mid-and high-intensity conflicts that could involve large-scale military forces operating on a regional or global basis.

Despite widespread recognition of the importance of conventional land forces, serious qualitative and quantitative imbalances persist between the conventional forces of the United States and the Soviet Union, and between NATO and the Warsaw Pact.

These imbalances are exacerbated by the adverse rates of modernization between us and the Soviets. The asymmetries weaken deterrence, lower the nuclear threshold that separates conventional and nuclear warfare, and impede our efforts to reach arms control agreements (on strategic and intermediate-range nuclear forces as well as conventional forces). (See chart six).

THE CASE FOR A MORE CAPABLE ARMY

- COMPLEX, DANGEROUS SPECTRUM OF CONFLICT
- CONVENTIONAL DEFENSE IMBALANCES
- RATE OF SOVIET vs. U.S. MODERNIZATION
- FRAILTY OF DETERRENCE & NUCLEAR THRESHOLD
- NUCLEAR ARMS REDUCTIONS
- AIRLAND BATTLE POTENTIAL

. . . BALANCED, FLEXIBLE RESPONSE

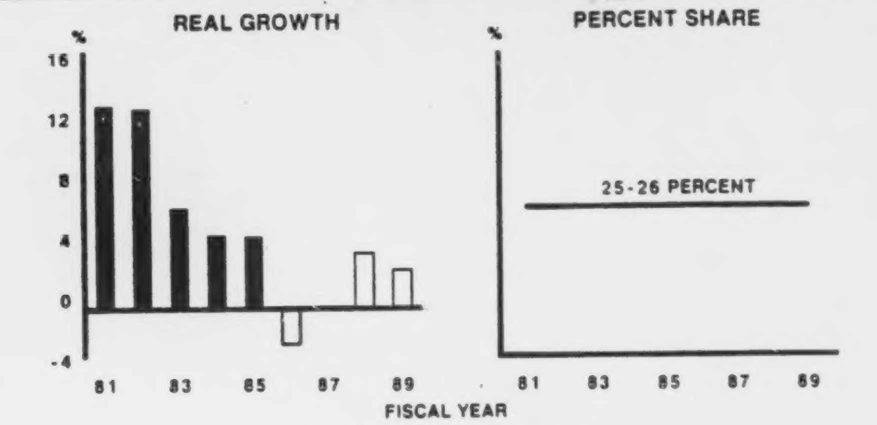
CHART 6

Our military strategy demands that we maintain credible and effective capabilities. The potential of AirLand Battle (ALB)--the ability to fight deep as well as close--must be fully realized if we are to combat successfully the Soviets (without the early first use of nuclear weapons). With ALB doctrine and Army forces trained, organized, and equipped to optimize its advantages (working in harmony with our sister services and Allies), we have the potential to achieve significant leverage over the Soviets with a quantitatively smaller force. Our modernization programs are designed to capitalize on the strengths of ALB doctrine vis-a-vis the weaknesses of our adversaries--this is the essence of "competitive strategies" as emphasized by DOD.

The FY 88-89 budget requests Total Obligation Authority (TOA) of $79.4 and $82.6 billion, respectively. These amounts represent increases in real rates of growth of 3.3 percent in FY88 and 2.3 percent in FY89 reversing negative trends in the recent past. We are, however, still concerned about patterns of erratic and inconsistent real growth of TOA. Large, sinusoidal swings in funding complicate programming and hinder efforts to implement initiatives requiring long lead times, multiyear contracts, and other cost effective measures. Given these problems, modernization is slowed and readiness is degraded.

The Army's share of defense resources has remained relatively constant over time and is programmed to remain so. (See chart seven). Thus, the President's Budget, this year, provides some funding for the Army's modernization programs. However, program and budget decrements have slowed our progress considerably.

ARMY RESOURCE TRENDS



CHALLENGES vs. RESOURCES

CHART 7

The implications of these reductions, particularly in the last two years, FY86 and FY87, have been severe. Funding constraints have stretched, reduced or eliminated a number of critical modernization programs. (see chart eight.) Thus, the potential of our military capability goes unfulfilled, unit costs are escalated, and the probability of technological obsolescence is increased by the time a system is fully fielded.

IMPLICATIONS OF BUDGET REDUCTIONS

- **STRETCHED PROGRAMS**
  - ABRAMS TANKS
  - BRADLEY FIGHTING VEHICLES
  - TOW II (ANTI-ARMOR)
  - SINCGARS RADIOS
- **REDUCED PROGRAMS**
  - APACHE HELICOPTERS
  - BLACK HAWK HELICOPTERS
  - AQUILA (RPV)
  - FAASV (ARTILLERY AMMUNITION)
  - FISTV (FIRE SUPPORT)
- **ELIMINATED PROGRAMS**
  - 8" HOWITZER ENHANCEMENTS
  - MOBILE PROTECTED GUN SYSTEM
  - AHIP (SCOUT)

CHART 8

Chart nine shows the percentage of TOA allocated to each of the "four pillars" of defense. Here we balance the short-term with the long-term view; the regional with the global priorities; and, readiness/sustainability with modernization/force structure issues. Looking at the chart, one can see that over time, Army programs have coherence, consistency, and balance. The Army's allocation of its available resources to readiness has been maintained (even increased) and sustainability has been maintained, both of which are in direct support of CINC requirements. However, in the face of budget decrements, tough choices and trade-offs have been made in the modernization "pillar."

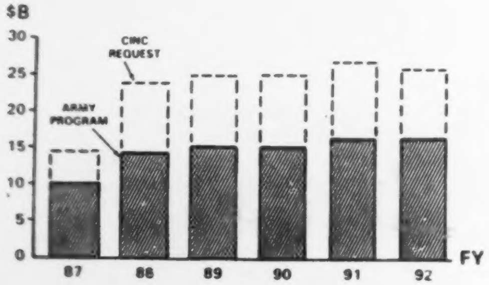
ARMY PROGRAM BALANCE
FOUR PILLARS OF DEFENSE

	READINESS	SUSTAINABILITY (PERCENT TOA)	MODERNIZATION	FORCE CHANGES
FY85	69.5	7.9	22.6	0
FY86	74.6	6.2	18.9	.3
FY87	75.0	7.6	16.3	1.1
FY88	75.4	6.8	17.0	.8
FY89	76.3	7.3	15.7	.7

CHART 9

The CINCs have been well supported despite budget decrements. Chart ten shows their requests versus resources allocated to them. The CINCs integrated priority list (130 issues that center on combat support/combat service support (CS/CSS) and prepositioned war reserve stocks (PWRS) has a five-year cost of about $125 billion. The Army has resourced about $76 B of that $125 B (about 61%) even though we have lost $48 B in decrements from the last two budget years alone.

SUPPORT OF CINC REQUIREMENTS



. . .$76B OF $125B REQUESTED

CHART 10

There have been steady improvements to our CS and CSS posture, correcting shortfalls that have existed in our force structure since the end of the Vietnam War. While maintaining a balance of Army programs, substantial support has been provided to meet the needs of our war-fighting commanders. We have increasingly used the Reserve Component in roles commensurate with their capabilities; used proven technology and adapted private sector methods to enhance productivity; cross-leveled equipment, solidified Host Nation Support (HNS) and developed civilian contingency support contracts; and, justified allocation rules and work load factors that establish CS/CSS requirements.

These enhancements have greatly improved our deterrent and war-fighting capability. Now is not the time to assume undue risks and undercut the strength of the Army's contribution to national military strategy. The Army is a strategic force, and its capability is balance, flexible, ready, visible, and useable. The support of Congress is essential if we are to keep the value of our deterrent credible.

Let's examine briefly the "four pillars" of the Army's military capability: readiness, sustainability, modernization and force structure.

Readiness: Readiness is our number one task; thus, we need quality, disciplined soldiers that are ready to fight at a moment's notice. Chart eleven shows both the quality of our Active and Reserve Components (the best I've seen in 37 years as an officer) as well as the all-time low rates of indiscipline in the Active Army. Our budget calls for adequate recruiting and retention incentives to maintain this level of quality. Congressional support is vitally important here, because "you get what you pay for."

QUALITY vs. INDISCIPLINE

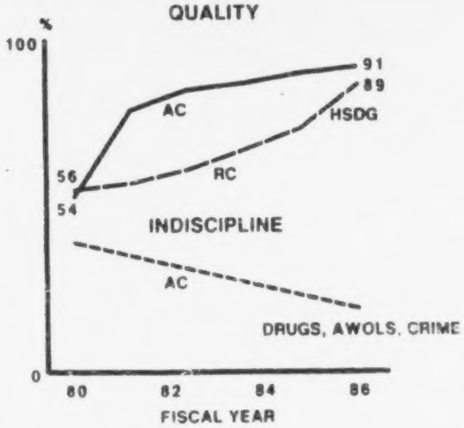
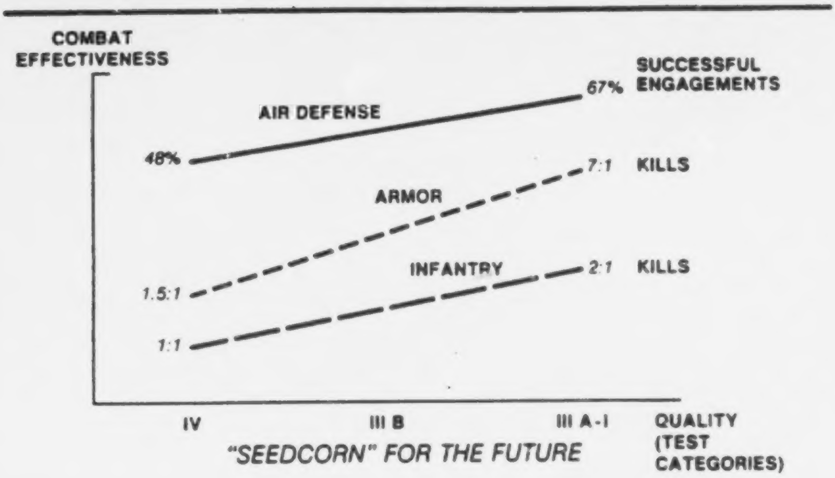


CHART 11

Quality soldiers are more combat effective, a critical factor for a small force like today's Army, and they are "seed corn" for the future. In our small Army, if we had to expand quickly, they would become the cadre for a much larger force. Chart twelve shows how "quality" makes a difference in battle. As you can see, there is a strong correlation between higher mental test category scores and combat effectiveness.

WHY QUALITY

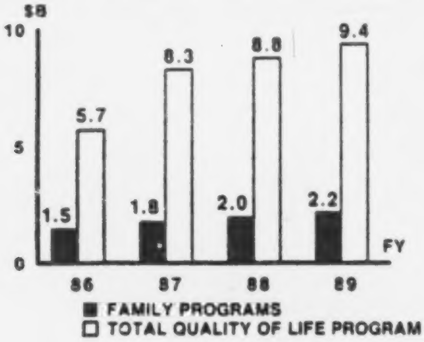


"SEEDCORN" FOR THE FUTURE

CHART 12

One of the reasons we're retaining quality soldiers is because we've made good investments in quality-of-life programs (see chart thirteen.) These investments lead to a more combat ready Army. However, these programs are "fragile," and we--the Congress and the Department--must provide continued support and emphasis.

QUALITY OF LIFE PROGRAMS



- HOUSING
- LIVING AND WORK PLACE
- CHILD DEVELOPMENT
- COMMUNITY SUPPORT
- REPAIR & MAINTENANCE
- YOUTH ACTIVITIES
- SOLDIER/FAMILY SVCS

QUALITY SOLDIERS, STRONGER FAMILIES . . .
A MORE READY ARMY

CHART 13

The readiness of our forces also depends on tough, realistic training. Chart fourteen shows the number of battalion rotations per year at our combat readiness training sites. The National Training Center (NTC) at Ft. Irwin, CA--where our units train in an instrumented environment against Soviet-style opposing forces using advanced training technology such as laser weapons simulators--is the finest training facility in the world, and we're capitalizing on existing facilities to train light forces and units in Germany. Short of actual combat, these facilities provide the most challenging, realistic combined arms training in the world. The chart also shows the extensive investments ($4.0B) made in devices, simulators, and simulations. These save money, increase training effectiveness, and help make safer the dangerous training tasks that must be performed.

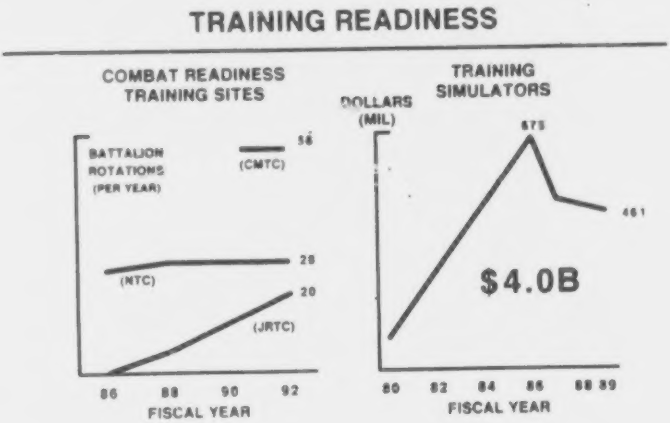


CHART 14

Readiness also demands that we be able to fight jointly. The Army has always practiced "jointness." General Gabriel, the former Air Force Chief of Staff, and I instituted the Joint Force Development Process (JFDP) in May 1984 by Memorandum of Agreement. General Welch continues to support this process. Much has been accomplished to further interservice cooperation, and chart fifteen outlines our progress to date in the JFDP. The two most recent initiatives established the Army-Air Force Joint Readiness Training Center and a Flag Officer Warfighting Course. We have examined forty-six candidate initiatives submitted by the unified CINCs and Services for possible inclusion in the JFDP. Four initiatives alone have netted roughly a billion dollars of near-term cost avoidance as we have reduced or eliminated duplicative programs.

JOINTNESS
JOINT FORCE DEVELOPMENT PROCESS

- ORIGINAL 31 JOINT INITIATIVES NOW 37. (80% IMPLEMENTED)
- ARMY AND AIR FORCE PARTICIPATE
- DIRECT SUPPORT TO THE COMBATANT CINCS
- COMPLEMENT RATHER THAN DUPLICATE CAPABILITIES
- INCREASE TOTAL FORCE EFFECTIVENESS
- $1 BILLION COST AVOIDANCE

CHART 15

Related to "jointness" is our AirLand Battle Doctrine, which recognizes the joint and combined nature of modern warfare. With the Army and Air Force working together in full partnership, the doctrine exploits the full potential of firepower and maneuver. To ensure unity of effort, all three areas of engagement--deep, close, and rear operations--are interrelated parts of the overall battle. Using joint systems employing advanced technology, we will see deeply and strike deeply to destroy and disrupt the enemy wherever he is located. These joint systems, operating in conjunction with weapons systems (e.g., Abrams tanks and Bradley Fighting Vehicles) that support the "rear" and "close" operations, are critical to the successful execution of the doctrine and are essential to NATO's Follow-on Forces-Attack strategy. Chart sixteen shows, schematically, how this doctrine works and the "deep battle" systems needed to fully develop it. Without funding these systems, we cannot hope to achieve the full potential of AirLand Battle and the technological as well as maneuver edge it provides over Warsaw Pact forces.

THE AIRLAND BATTLE

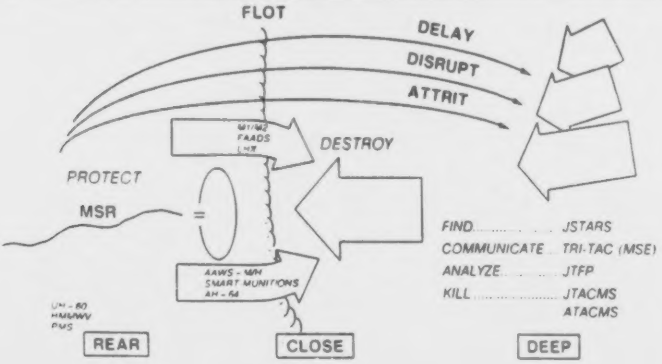

FLOT
DELAY
DISRUPT
ATTRIT
M1/M2
FAADS
LHX
DESTROY
PROTECT
MSR
AAWS - M/H
SMART MUNITIONS
AH - 64
UH - 60
HMMWV
PMS
FIND .... JSTARS
COMMUNICATE ... TRI-TAC (MSE)
ANALYZE .... JTFP
KILL .... JTACMS
ATACMS
REAR
CLOSE
DEEP

CHART 16

Force Structure The force structure of the Total Army is shown on chart seventeen. We are fielding balanced, modern, and ready forces that can operate across the entire conflict spectrum. There are 28 division, eight Special Forces Groups, and one Ranger Regiment in our Army. Our heavier forces, such as armored and mechanized divisions, represent three-quarters of our divisional force structure. They remain oriented towards Central Europe and the NATO commitment because this is where we face the principal Soviet threat.

FORCE STRUCTURE

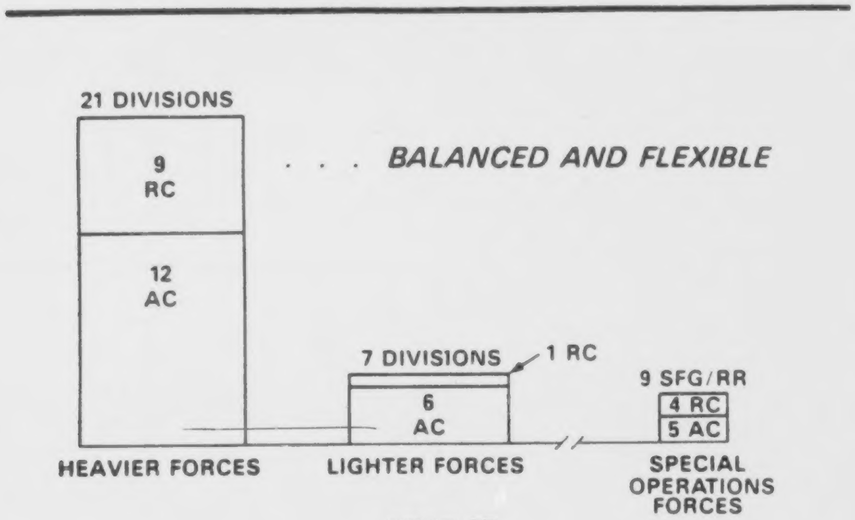
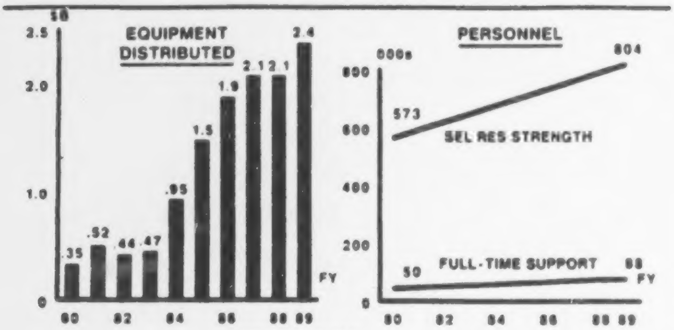


CHART 17

Our lighter forces, including our new light divisions (which are highly skilled, field-tough, 10,000-man divisions capable of deploying anywhere in the world within one week) and our improved Special Operations forces have greatly increased our flexibility and preparedness. We remain vitally concerned about the adequacy of airlift and sealift resources, and we continue to support fully the Air Force and Navy in their efforts to improve our strategic mobility. Today's Army is truly a strategic force, giving our National Command Authorities the options needed to handle all challenges, including low-intensity conflicts, the most likely type of warfare expected in the future. The Reserve Components play an important role in our force structure (10 of 28 divisions; they constitute 49 percent of our total strength, 50 percent of our combat battalions, and about 70 percent of our combat service support and deploying forces).

The Army National Guard and the Army Reserve have improved their capability significantly. Charts eighteen and nineteen show the resources invested in equipment, personnel, and training. Today these investments are essential because, more than ever before, the Reserve Component must stand ready as a full partner in the execution of our national military strategy.

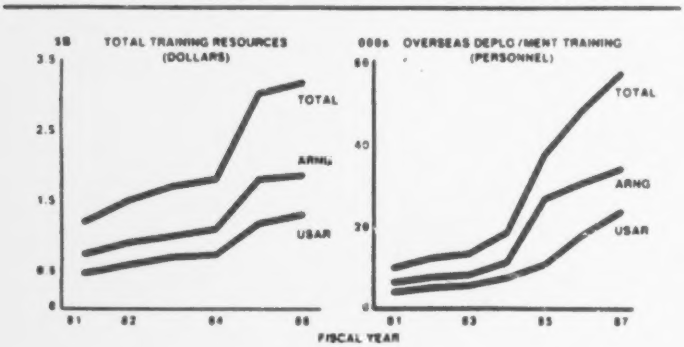


RESERVE COMPONENTS

. . . FIRST TO FIGHT

. . . FIRST TO BE EQUIPPED

CHART 18



RESERVE COMPONENT TRAINING READINESS

CHART 19

The nearly 83,000 FY 88 Full-Time Support force (FTS), consisting of military technicians, Active Guard and Reserve (AGR), Active Component full-time manning, and Department of the Army civilians, who perform the myriad of daily administering, organizing, training, recruiting, supply and maintenance tasks are an essential investment in the readiness of the RC units. Our goal is to have full-time support manpower be about 14% of the RC strength. However, due to fiscal constraints we have not been able to program for accomplishment of that goal in the near term.

Although some problems exist with the full-time support program, we are committed to solving them. Growth in full-time support is essential if we are to capitalize fully on the increased modernization of the Reserve Component and to assure that the Reserve Component forces can meet the mobilization missions entrusted to them.

The Army has substantially improved its Special Operations Forces. These forces can combat terrorism, counter insurgencies, or execute strike missions in mid-or high-intensity conflicts. SOF enhancements are shown on chart twenty.

SOF FORCE STRUCTURE IMPROVEMENTS

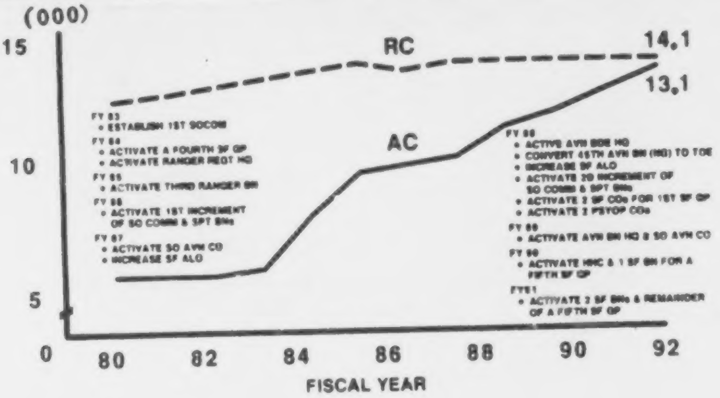
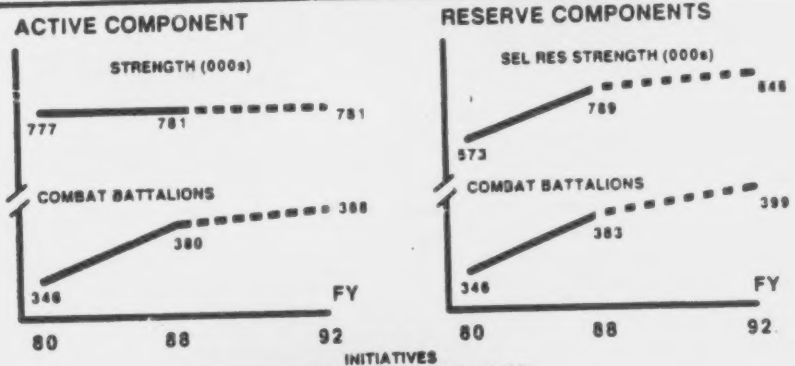


CHART 20

One of the most important stories about today's Army is the significant growth in the AC's combat capability without an increase in its end strength. Chart twenty-one shows the growth in combat battalions during this decade and how (initiatives) it was accomplished. For the Active Army, 34 additional battalions will have been created through FY 88, with 8 more programmed between then and FY 92. We have chosen to keep the AC end strength fixed to conserve resources for readiness, sustainability, essential modernization, and people programs. Disciplining our "appetite" for AC end strength increases, we have protected quality and capitalized on productivity enhancing technology. The chart also shows the RC story, and its growth in combat capability.

TECHNOLOGY AND PRODUCTIVITY ENHANCEMENTS
GROWING COMBAT CAPABILITY



INITIATIVES
- PRODUCTIVITY ENHANCING TECHNOLOGY
- ORGANIZATIONAL MODERNIZATION
- HEADQUARTERS REDUCTIONS
- RESERVE COMPONENT GROWTH
- CIVILIAN SUBSTITUTION, CONTRACTING
- HOST NATION SUPPORT, CONTINGENCY CONTRACTING

CHART 21

Modernization: The modernization of Active and Reserve Component units with new equipment is well underway, but we must sustain our progress. Only the Active "heavy division" force and affiliated RC "round-out" units will be modernized by the mid-1990's. Much more remains to be done. The Army started its modernization three or four years after the other services. As chart twenty-two shows, we are only one-third complete with our planned programs.

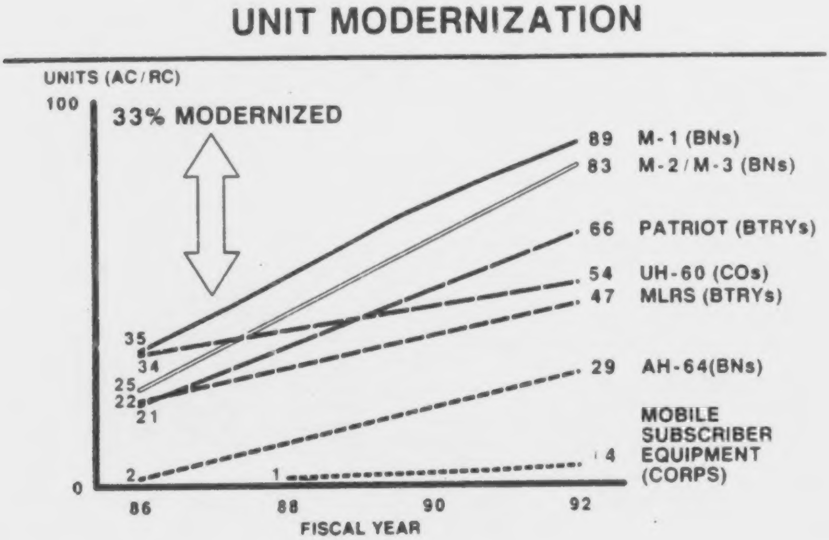
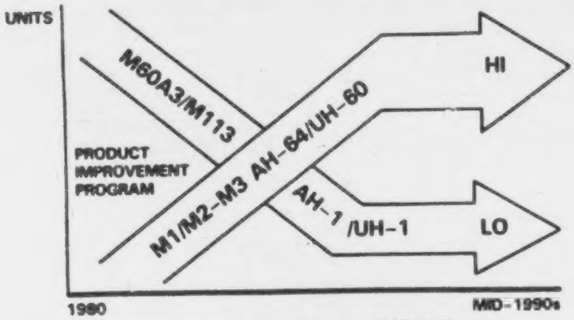


CHART 22

The modernization of our Army takes time and is expensive. Wise investment in research and development is required. Our modernization strategy has been to field a balanced, "high-low" mix of new, technologically advanced equipment (such as the M1 Abrams tank, Bradley Fighting Vehicle (BFV), and Apache attack helicopter) and to "product-improve" older equipment (such as the M60 tank, M113 armored personnel carrier (APC), and Cobra attack helicopter) in order to prolong service life and extend capabilities. Moreover, in designing new equipment, we try to build-in the opportunity for preplanned product improvements to capitalize on advancing technology.

HIGH - LOW MIX
MODERNIZATION STRATEGY


UNITS
M60A3/M113
PRODUCT
IMPROVEMENT
PROGRAM
M1/M2-M3 AH-64/UH-60
AH-1 /UH-1
HI
LO
1980
MID-1990s

- *MEETS THE THREAT*
- *COST EFFECTIVE*

CHART 23

Sustainability: This chart shows that we have not neglected our ability to sustain ourselves or to reinforce our forward-deployed forces. Munitions, major items (e.g., tanks) and secondary items (e.g., engines) have been stocked to help sustain our forces once they are committed to combat. Prepositioning of materiel configured to unit sets (POMCUS) stocks also have increased substantially.

SUSTAINABILITY & REINFORCEMENT

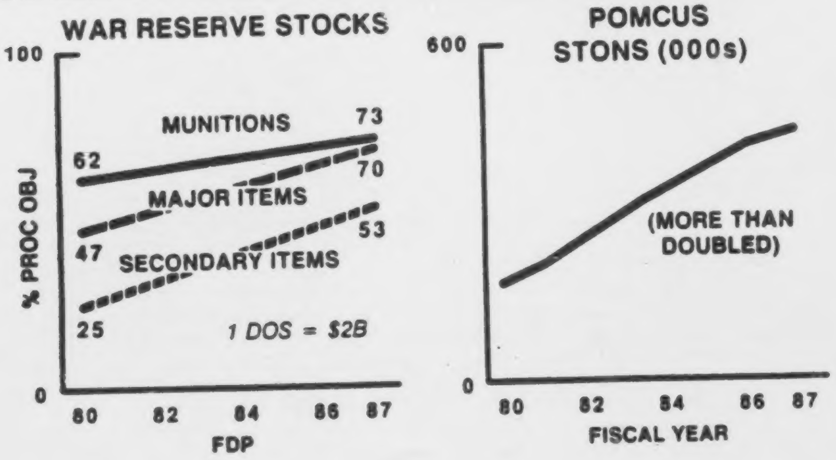


CHART 24

As we have balanced the demands of the four pillars, we have built a more capable Army. One way of showing growth in capabilities for the total Army is the "Measuring Improved Capabilities of Army Forces" (MICAF) study. MICAF quantifies capability improvements in Army divisions, separate brigades, and armored cavalry regiments in relation to the threat capabilities likely to be faced. In this sense, it is the most realistic evaluation of qualitative and quantitative capabilities available to us. As the chart shows, since 1980, the capability of our major combat units in relation to the threat has increased significantly. Projections are shown for FY87 and 89.

TOTAL ARMY

MEASURING IMPROVED CAPABILITIES OF ARMY FORCES

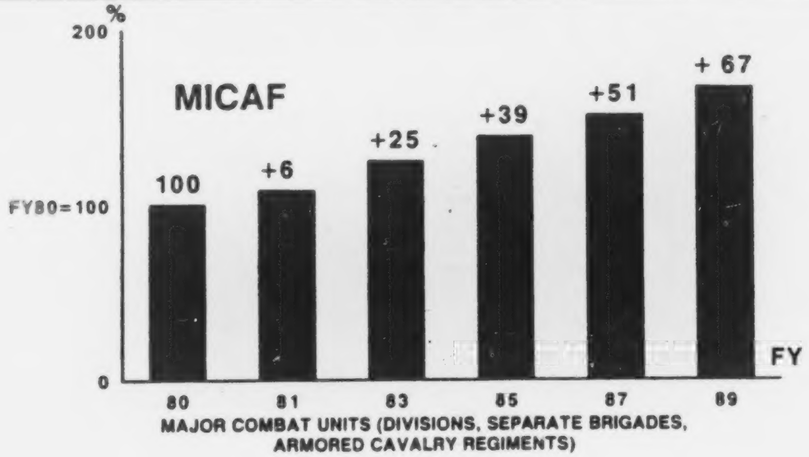


CHART 25

As you read our posture statement, you will see that we have invested heavily in programs that enhance stewardship. The chart shows four major azimuths along which we are proceeding: technology, acquisition, materiel, and people. Our programs are designed to get the maximum from the resources entrusted to us and to assure they are not wasted.

As I have mentioned, we are managing technology intensively in order to capitalize on its benefits while minimizing its costs and risks. In the acquisition process, we have increased competition in the Army's acquisition process over the past several years, awarding competitively 53.1 percent of our contract dollars and 84 percent in numbers of contracts (compared to 62.5 percent in FY85). We are conserving materiel (and people) by safely using our equipment. Last year, the Army had one of its best safety records ever, for both ground and air operations. And, we have reinvigorated our leadership and our professional development programs in order to strengthen the spirit and expertise of our most precious resource -- our people.

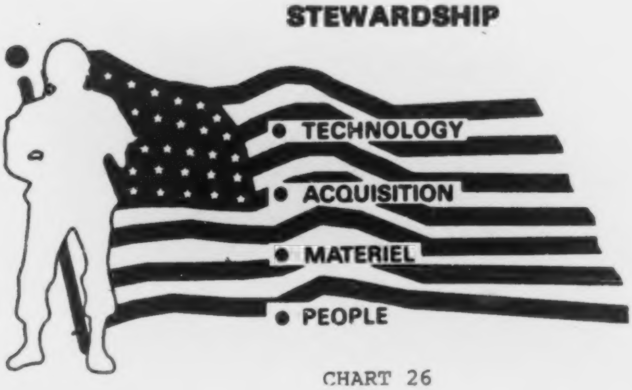


CHART 26

Finally, I would like to express some concerns to you (see chart twenty seven).

CONCERNS

- MODERNIZATION
- DOD REORGANIZATION ACT (TITLE IV)
- R & D INVESTMENT
- MAINTENANCE & READINESS
- OFFICER REDUCTIONS
- SOLDIER & FAMILY PROGRAMS

CHART 27

The Army's modernization programs are only one-third complete. Strong Congressional support is needed to finish the job. Our programs started three or four years behind the other services because we had to modernize first our strategic deterrent forces. Now, conventional systems such as the LHX, the Forward Area Air Defense system, and the joint systems needed to bring AirLand Battle to its full potential must be fully supported. The Army needs at least a three percent (3%) real rate of growth per year for, at the minimum, the next five years to bring its programs to fruition.

While Title IV (Joint Officer Personnel Policy) provisions of the Defense Reorganization Act are basically sound, and we are working hard to implement them, we appear to need some flexibility in administering them. For example, the law mandates a 3-year joint duty tour for generals and a 3-1/2 year joint duty assignment for officers below the rank of general. We need flexibility to aggregate tour lengths since some, particularly overseas tours, are one to two years in length, and professional development requirements may warrant shorter tour lengths.

R&D investment is important. Where there is the promise of significant returns, we need to reach into the future and capture "leap ahead" technology -- technology that would provide significant military advantages on tomorrow's battlefield. The LHX, anti-armor weapons systems (medium/heavy), and "deep strike" munitions are important initiatives for us if we are to retain our technological edge on the battlefield. We need flexible systems that have force-wide utility instead of multiple systems that are each specially tailored for a particular force type. These cost-effective approaches will keep pace with the threat, capitalize on technology, and conserve resources.

In addition, continued readiness and maintenance investments are essential. Readiness is our number one task. Readiness means that training and operation tempos must continue at adequate levels to maintain the combat proficiency of soldiers and units, and maintenance must be funded at levels that enable sustained operations. It makes little sense to procure new equipment and at the same time allow a growing backlog of maintenance (due to insufficient funding for parts and workers) to delay the return of equipment to units.

Officer reductions-in-force pose a serious readiness and morale challenge for the Army. Such reductions would lead to loss of combat experience and significantly degrade the Army's successful efforts to increase its combat capability with two light divisions, and numerous additional battalions of Patriot air defense, Multiple Launch Rocket systems, attack helicopters, cannon artillery, and combat service support, particularly in the medical area. Naturally, our Active officer strength has grown in these areas, and with our fixed Active end strength, so has our officer-enlisted ratio. However, while we have undertaken FY87 officer reductions as mandated in the FY87 Authorization Bill, we ask the Congress to rescind the additional reductions of 2% and 3% called for in FY88 and FY89.

Soldier and family programs must be fully funded because the quality of the Army is only as good as the soldiers who man it and the support they receive from their families. Our Army Family Program initiatives in community, family, and child and youth development are "fragile," and they must receive continued support and emphasis. Diminished support for quality-of-life programs--including the important educational, pay, and recruiting and retaining incentives and benefits for Active and Reserve Component soldiers--will jeopardize the volunteer force concept, increase turbulence, and lower combat readiness. The G.I. Bill, Army College Fund, bonuses, and reasonable pay are the most important personnel policy tools we have to recruit a quality Army. The Congress must ensure that this powerful incentive remains in place.

Finally, as I end my stewardship of the Army, I want to thank the Congress for their support of Army programs. While we in uniform can do our best to provide the quality leadership our superb soldiers deserve, the Congress remains solely responsible for the adequacy of resources to meet our missions.

The United States Army
Posture Statement FY88

AN ARMY OF VISION

A STEADY PATH TO EXCELLENCE

JOINT STATEMENT

BY

THE HONORABLE JOHN O. MARSH, JR.
AND
GENERAL JOHN A. WICKHAM, JR.

BEFORE

COMMITTEES AND SUBCOMMITTEES
OF THE
UNITED STATES SENATE
AND THE
HOUSE OF REPRESENTATIVES
FIRST SESSION, 100TH CONGRESS

THE POSTURE OF THE UNITED STATES ARMY
FOR FISCAL YEAR 1988

Preface

A flexible military strategy, based on joint operations with sister services and combined operations with allies, helps fulfill our ultimate national security goals: enduring peace, freedom, and prosperity.

Landpower, seapower, and airpower—the operative elements of U.S. military power—work together to execute this military strategy and achieve our national security objectives. Landpower is the military capability that enables control over land, its resources, and its people. Landpower makes permanent the advantage achieved by airpower and seapower, and it establishes our ability to assist, deter, and fight if necessary. Wars may be lost on the sea or in the air; they can only be won on the ground. History has proven that landpower is the decisive factor.

The United States Army is the bulwark of American landpower. The Total Army, active, reserve, and civilian components, provides a 28-division force, which, with our Special Operations Forces, has strategic utility across a complex, dangerous spectrum of conflict. The United States Army has diverse, global responsibilities and must be a balanced, responsive, deployable force, manned by quality soldiers. With the support of Congress and the American people, the modernization of the Total Army is underway.

Despite our improvements, much remains to be done. There are serious qualitative and quantitative imbalances between the conventional forces of the United States and the Soviet Union. These imbalances are made worse by the adverse rates of modernization between us and the Soviets. These asymmetries weaken the nuclear threshold that separates conventional and nuclear warfare. In an era when strategic and intermediate-range nuclear force reductions are possible, the strengthening of our conventional forces, particularly the Army, is critical. Since only about one-third of the Army's units have the most modern equipment, we must bring the Army modernization program to fruition to strengthen the deterrent value of our conventional forces.

This Posture Statement reports on the state of today's Army. The Army has improved the readiness of its forces but is still mid-stream in a modernization effort designed to make the Army a responsive and relevant force well into the 21st century. The continued strong support of the Congress is essential if we are to maintain the momentum of our progress to secure peace, freedom, and prosperity.

The Constitution will be the Army theme for 1987. We are proud of the progress made in 1986 to strengthen values—last year's theme—throughout the Total Army. Previous themes have developed into a solid flow of ideas and programs, each building on the preceding ones. As a result, we have strengthened the Army's wining spirit, physical fitness, excellence, families, leadership, and values. The Army is better and more ready as a result of our efforts.

JOHN O. MARSH, JR.
SECRETARY OF THE ARMY

Mr. Marsh was sworn in as Secretary of the Army on January 30, 1981.

A native of Virginia, he was born in Winchester on August 7, 1926. After attending public schools in Harrisonburg, Virginia, he enlisted in the United States Army, and was commissioned at the age of 19 upon graduation from OCS in 1945. He served with the United States occupation forces in Germany. Mr. Marsh is also a graduate of Parachute School and Jumpmaster School at Fort Benning and holds Senior Parachutist Wings.

In 1951, Mr. Marsh received his LL.B degree from Washington and Lee University, Lexington, Virginia. He was then admitted to the Virginia Bar and began law practice in Strasburg, Virginia.

A four-term Congressman from Virginia's 7th District, he served in the United States House of Representatives from 1963 to 1971 and was a member of the House Appropriations Committee.

In 1966, while a member of Congress, he volunteered and served a month's active duty with the U.S. Army in South Vietnam. Choosing not to seek a 5th term, he resumed the practice of law. He returned to Federal service in March 1973 as the Assistant Secretary of Defense for Legislative Affairs.

In January 1974, he became Vice President Ford's Assistant for National Security Affairs, then Counsellor, with Cabinet Rank, to President Ford. He held that position from August 1974 to January 1977.

After serving President Ford, he again returned to private law practice as a partner in the Washington, D.C. office of the law firm of Mays, Valentine, Davenport and Moore of Richmond, Virginia.

He served in the 116th Infantry Regiment, the 29th Infantry Division and the State Headquarters Detachment to the Virginia National Guard from 1951 to 1976, retiring with the rank of Lieutenant Colonel. Prior to his National Guard service, he was a member of the Army Reserve for four years. He also served on the Board of Visitors to the Virginia Military Institute.

He has been awarded the Department of Defense Distinguished Public Service Medal, the American Legion Distinguished Service Medal, and the National Guard Distinguished Service Medal.

He is married to Glenn Ann Patterson. They have three children: Rob, Rebecca and Scot. Rob is a captain in the United States Army Medical Corps stationed at Fort Bragg, North Carolina. Rebecca is a high school teacher in Williamsburg, Virginia. Scot is a graduate of the Virginia Military Institute and a First Lieutenant in the Virginia National Guard.

GENERAL JOHN A. WICKHAM, JR.

CHIEF OF STAFF
UNITED STATES ARMY

General Wickham was born in Dobbs Ferry, New York on June 25, 1928. He was commissioned a second lieutenant and awarded a Bachelor of Science degree from the United States Military Academy. He also holds a Master of Public Administration degree and a Master of Arts degree in Political Economy and Government from Harvard University. His military schooling includes the Infantry School, United States Army Command and General Staff College, Armed Forces Staff College, and the National War College.

He has held a wide variety of command and staff assignments, including 12 years in joint and allied headquarters. General Wickham has had three tours of duty with the Joint Staff, the last as Director. He served two Secretaries of Defense as Senior Military Assistant. His extensive overseas service includes six tours, two each in Germany, Korea, and Vietnam. During his last tour in Vietnam, he served as deputy negotiator on peace treaty issues with North Vietnamese and Viet Cong military leaders.

He commanded an Infantry Battalion with the 1st Cavalry Division in Vietnam. In Germany he was a Brigade Commander and Division Chief of Staff with the 3d Infantry Division. He commanded the 101st Airborne Division (Air Assault) and deployed the division with most of its equipment to Europe for Allied maneuvers in Reforger 1976. During his last tour in the Republic of Korea, he was Commander of the Eighth United States Army and United States Forces, Korea; Commander-in-Chief of the United Nations Command with responsibility for enforcing the Armistice; and Commander in Chief of the ROK-US Combined Forces Command consisting of over ½ million military personnel. General Wickham left Korea and assumed the duties of Vice Chief of Staff, Army effective June 17, 1982. General Wickham became the 30th Chief of Staff of the Army on June 22, 1983.

His awards include the Defense Distinguished Service Medal (with 2 Oak Leaf Clusters), Army Distinguished Service Medal, Silver Star (with Oak Leaf Cluster), Legion of Merit (with 3 Oak Leaf Clusters), Bronze Star Medal with V Device, Meritorious Service Medal, Air Medal (11), Army Commendation Medal, Purple Heart, Combat Infantryman Badge, Expert Infantryman Badge, Parachutist Badge, Air Assault Badge, Secretary of Defense Identification Badge, and the Army General Staff Identification Badge. His foreign awards include the Republic of Korea Taegueg Medal, the highest Korean military decoration.

General Wickham is married to the former Ann Lindsley Prior. They have three children, Lindsley, married to an army infantry captain at Fort Ord, California; Matthew is a hydrologist with the state of Arizona and John is on the staff of the Senate Select Committee on Intelligence and attends George Mason University night law school.

Chapter 1

AN ARMY OF VISION: A STEADY PATH TO EXCELLENCE

Today's Army and the Army of the future must be shaped by a theme that provides principle and continuity. That theme, a steady path to excellence, reflects our purpose and contribution to national security. To meet the challenge of a dynamic world environment we must deter war, win if war must be fought, and assure a post war environment favorable to U.S. and Allied interests. Historical commitments and contemporary geostrategic considerations weigh heavily in decisions of philosophy, doctrine, and force structure.

The European continent and the Far East are areas of traditional commitment and enduring national interest. More recently, Southwest Asia and Central America have become increasingly important. Separated by great distances from most of these areas of national interest, our Army must maintain a high state of readiness, mobility, and flexibility and must be capable of operating with forces of allied and other friendly nations.

Continuing Soviet force modernization is another factor affecting the evolution of our Army. Soviet qualitative advancements, combined with their numerical advantage, represent a complex challenge. Threats from other parts of the world, ranging from terrorism, to Soviet surrogates require an Army capable of achieving national security objectives across the entire spectrum of conflict.

To meet these environmental challenges, our Army maintains forward deployed forces with U.S. based reinforcements. We have a warfighting doctrine that employs maneuver and firepower to defeat the enemy. We are fielding within resource constraints, the most advanced weapons into the hands of the highest quality soldiers in our history. We are capitalizing on our qualitative advantage to use a competitive strategy that pits our enduring strengths against enduring Soviet weaknesses.

The need to balance resource allocation among force modernization, readiness, and sustainability has not been lost on Army decision makers. Prudence and efficiency will continue to be the foundation of Army stewardship.

The Threat

The world today is increasingly complex, dangerous, and ever changing. The military forces of the Soviet Union pose the greatest threat to U.S./Allied security and constitute the basis of Soviet claims to superpower status. Soviet strategic forces are increasingly capable of striking targets in the United States. Soviet general purpose forces, by far the largest in the world, continue to modernize and expand.

The Soviet Union

Russian diplomatic and military history demonstrates a preference for avoiding direct confrontation. An essential characteristic of Soviet political and military thinking is to seek out or create vulnerabilities and attack them. Decisive strength is applied at the opponent's weakest point. Decisive commitment is avoided until the "objective" situation exists for assured success.

In the broadest sense, the Soviet world view and historical tradition demand a competitive approach to the development of strategy to accomplish Soviet national objectives. These objectives include:

- ☐ Preservation of the state and Communist Party rule
- ☐ Preservation of hegemony among Warsaw Pact nations
- ☐ Stabilization of relationships with neighboring non-Warsaw Pact states
- ☐ Expansion of Soviet influence worldwide
- ☐ Diminution of U.S. influence worldwide

PRODUCTION OF GROUND FORCES MATERIEL
WARSAW PACT AND NATO

Equipment Type	1984		1985	
	PACT	NATO	PACT	NATO
TANKS	3,650	1,600	3,700	1,800
Other Armored Fighting Vehicles	5,000	2,500	4,700	2,700
Towed Field Artillery	2,150	450	2,200	550
Self-Propelled Field Artillery	1,300	250	1,350	300
Multiple Rocket Launchers	1,000	75	800	75
Self-Propelled AA Artillery	50	50	110	25
Towed AA Artillery	225	25	225	0

*Includes United States and excludes France and Spain.

The competition between the United States and the Soviet Union is multifaceted, based on conflicting ideological and geopolitical concerns, all compounded by the dynamics of two major power systems. U.S. security interests are threatened because the Soviet Union relies primarily on its military power to achieve its national objectives.

Soviet Force Modernization

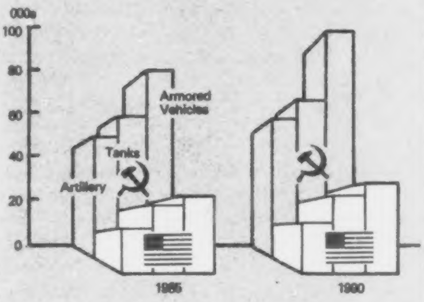
Soviet force development is based on the doctrine of theater strategic operation (TSO). TSO calls for continuous, multifront operations to achieve military objectives, up to 1,200 kilometers in less than 30 days without resorting to nuclear weapons. The demands of TSO are not yet fully met, but the Soviet Union is building the organizations and equipment to satisfy its requirements. Recent and ongoing force developments that enhance Soviet capabilities to conduct a successful theater operation in Europe include:

☐ Reorganization of air and air defense forces
☐ Modernization of weapons systems
☐ Refinement of the Operational Maneuver Group concept
☐ Increased helicopter support
☐ Increased artillery fire support at all levels
☐ Increased comprehensive chemical warfare capability
☐ Increased nuclear capable artillery
☐ Improved short-range ballistic missiles
☐ Continued growth in logistical capabilities
☐ Improved command, control, and communications

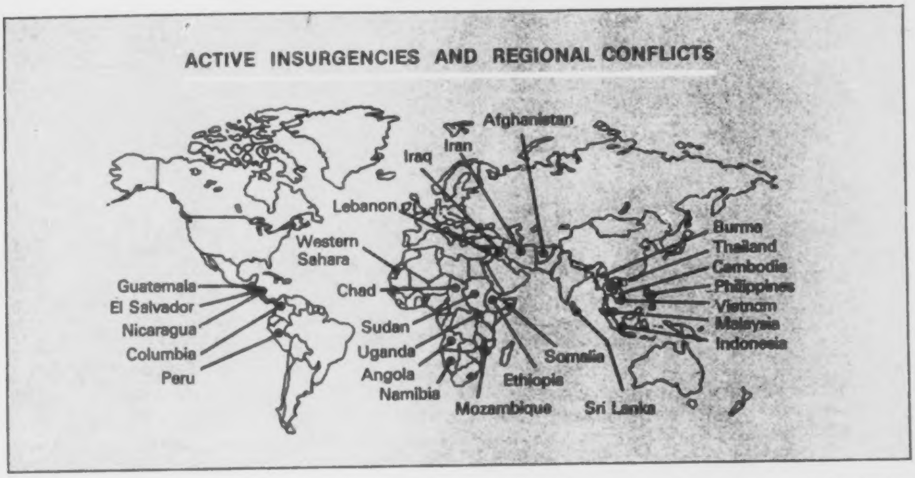
Constraints

Soviet military effort is constrained by deficiencies in the Soviet economic base. Problems of slow growth, inefficiency, low productivity, and lagging technology in the Soviet economy are well known. Soviet leadership recognizes the comparative weaknesses of its economic base; and, therefore considers it critical to achieve a rapid victory in war, lest they be faced with the overwhelming threat of a mobilized Western alliance.

Soviet military planning is complicated by the questionable reliability of Russia's Warsaw Pact allies. Soviet military planners are aware of the problems that a lack of Pact cohesiveness could pose in a period of international tension. Potential unreliability provides additional pressure for the Soviets to avoid prolonged and demanding conventional conflict.



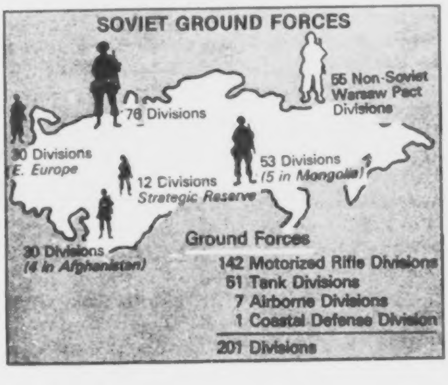
COMPARISON OF U.S./SOVIET ARTILLERY, TANKS, AND ARMOURED VEHICLES



ACTIVE INSURGENCIES AND REGIONAL CONFLICTS

Afghanistan
Iran
Iraq
Lebanon
Western Sahara
Chad
Guatemala
El Salvador
Nicaragua
Columbia
Peru
Sudan
Uganda
Angola
Namibia
Mozambique
Ethiopia
Somalia
Sri Lanka
Burma
Thailand
Cambodia
Philippines
Vietnam
Malaysia
Indonesia

Finally, TSO is a complex military operational concept which requires thorough planning, operational flexibility, a sophisticated command and control apparatus, and ingenuity at the tactical level to be executed successfully. Soviet military capability to meet the requirements of TSO is constrained by a number of factors, including a lack of appropriate technology and training in some critical areas, and an already overburdened transportation network.



SOVIET GROUND FORCES

76 Divisions
55 Non-Soviet Warsaw Pact Divisions
30 Divisions
E. Europe
12 Divisions
Strategic Reserve
53 Divisions
(5 in Mongolia)
30 Divisions
(4 in Afghanistan)
Ground Forces
142 Motorized Rifle Divisions
51 Tank Divisions
7 Airborne Divisions
1 Coastal Defense Division
201 Divisions

Regional Threats

The overall military balance has, in the past 20 years, shifted to the U.S.S.R.'s advantage, marking its emergence as a global military power. Not only has the Soviet Union achieved strategic nuclear parity, but it has also modernized its conventional and nonstrategic nuclear forces and developed impressive power projection capabilities. Nowhere is the shadow cast by Soviet military power longer than it is in Europe. Today, the balance in Europe especially for ground forces—is both unfavorable and deteriorating. This imbalance in tanks, artillery, and attack helicopters—the raw materiel for offensive ground operations—is particularly troubling to the Army. By one measure, which accounts for both quality and quantity of forces, the Warsaw Pact's advantage in in-place ground force combat power has increased from around 1.5 to 1 in 1965 to more than 2.2 to 1 today.

Several trends have combined to create a global environment with unprecedented challenges to U.S. influence as well as global stability. The first trend has been the Soviet military buildup, which has relevance not only in Europe but also in regions such as Southwest and Northeast Asia. Trends of significance to U.S. national security interests are:

☐ Improving Soviet power projection
☐ Growing militarization of the Third World
☐ The rise of terrorism worldwide

Militarization of the Third World

A related phenomenon, and one which heightens regional instability, is the ongoing militarization of Third World nations. In virtually every region of the world, instability, underdevelopment, fragile governments, and regional rivalries persist. The world map is dotted with conflicts and simmering tensions. While these instabilities are not necessarily created by the Soviets, events have shown they often exploit internal tensions. The presence and activism of the Soviet Union and its surrogates provide opportunities to discredit U.S. influence and to diminish the prospects for the viability of democratic values.

MAJOR SOVIET EQUIPMENT DELIVERED TO THE THIRD WORLD
1980-1985

	Near East & South East	SubSaharan Africa	Latin America	East Asia & Pacific	Total
Tanks/Selfpropelled Guns	3,600	630	505	280	5,015
Light Armor	6,565	1,000	280	250	8,095
Artillery	3,810	2,050	895	390	7,145
Major Surface Combatants	26	4	4	5	39
Minor Surface Combatants	27	21	49	48	145
Submarines Missile Attack	7	0	2	0	9
Missile Attack Boats	16	9	6	6	37
Supersonic Aircraft	1,340	340	135	270	2,085
Subsonic Aircraft	120	5	0	5	130
Helicopters	695	190	80	75	1,040
Other Combat Aircraft	250	70	40	80	440
Surface-to-Air Missile	10,400	1,890	1,300	430	14,020

Nowhere is the ongoing militarization more obvious than in the Middle East. The cost of the arms race buildup has practically eliminated investment for economic and social development in some countries, thus perpetuating underlying causes of instability. Even if these states cannot fully exploit the capabilities of weapons, the potential consequences of militarization--the opportunity to escalate to more lethal tools of violence—presents a sobering picture and an ominous trend for the United States.

Soviet and Cuban activities in Central America and the Caribbean Basin have elevated the military importance of this region. Today, Cuba's military forces are second only to Brazil in Latin America. Rapid military buildup in Nicaragua, along the same pattern as Cuba, continues to create a military imbalance in Central America and shows no sign of abating.

In Asia, Soviet-supported Vietnamese expansionism threatens our friends, especially Thailand. The potential for conflict on the Korean Peninsula remains high, and in the Philippines, insurgency and instability are still major concerns. Furthermore, the Soviet's significant naval and air presence at Cam Ranh Bay, enhances its operational capabilities in the South China Sea, Indian Ocean, and eastern Pacific Ocean.

As recent events in South Africa have demonstrated, Africa will remain volatile for the foreseeable future. Internal antagonisms and perennial regional tensions will occasionally flare up in violence, frequently without warning and from unexpected quarters. This volatility continues to threaten the development of viable, stable social and economic systems.

Terrorism

The rise of international terrorism has become one of the more immediate challenges to U.S. interests around the world. U.S. military installations, personnel, and infrastructure likely will continue to be terrorist targets. Despite limited successes that some governments have scored in combating terrorism, the number and lethality of international terrorist incidents continue to increase.

In addition, some governments are using terrorist tactics, employing terrorist groups, or exploiting terrorist incidents as a mode of surrogate warfare. The attraction of terrorism for these governments is that it allows them to pursue destabilization efforts as an alternative to open, armed conflicts. This gives them disproportionate influence over international politics which they could not otherwise acquire.

Summary

The range of threats for which the Army must prepare is greater than at any time since World War II. Although general war is the least probable form of conflict today, its consequences would be the most disastrous. More probable contingencies are regional conflicts in the Middle East, Asia, or Latin America. Additionally, the threat of terrorism remains ever present. At a time when the United States has relatively fewer resources and greater commitments, it is necessary for us to develop strategies that capitalize

GROWTH TRENDS IN CUBAN FORCES

	1975	1980	1985
Army			
T-54/55 and T-62 tanks	300	720	1,000
Other armored vehicles	120	1,000	1,200
Artillery	500	1,400	1,500
Air Force			
MiG 23s	0	12	45
MiG 21s	95	140	160
IL-39 trainers	0	0	30
SAM launchers	105	165	215
AN 26 transports	2	25	30
IL-76 transports	0	0	2
Navy			
FOXTROT submarines	0	2	3
KONI frigates	0	0	2
Missile patrol boats	22	18	20
TURYA hydrofoils	0	4	9
POLNOCNY landing ships	0	0	2

Improved conventional forces provide increased deterrence.

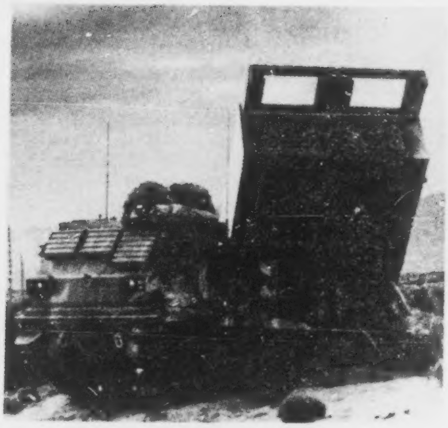
on our strengths and focus on exploiting our adversary's vulnerabilities.

The Secretary of Defense's Annual Report to Congress FY 87 identifies a basic strategy for deterrence with four major operating policies as its cornerstone: a balanced force structure adequate for each mission; alliances for collective defense; forward-deployed forces; and flexibility. Key tasks to be accomplished if this strategy is to work in our complex and ever-changing world are: nuclear deterrence; defense of CONUS, our vital interests in NATO, Northeast Asia, and Southwest Asia; and power projection.

Deterrence of war is our first objective. The value of deterrence is in the perception of our adversaries as they view our capabilities and our will to use these capabilities in the pursuit of our national objectives. In the past, offensive strategic nuclear weapons provided our most potent deterrent. Today, with the continuation of strategic parity and the possibility of significant reductions in strategic and nonstrategic nuclear forces, the burden of deterrence is shifting toward the nation's conventional forces in general, and landpower in particular. An improvement in landpower would raise the nuclear threshold; counter Soviet landpower; and prevent escalation of minor crises and low intensity conflict.

Landpower

History shows that landpower is a decisive form of military power and an essential element in national military strategy. The four wars that we have fought in this century have reaffirmed that wars are ultimately fought to control land, people, and resources. While all the services have the capability to deny or destroy



Multiple Launch Rocket System (MLRS) is in a firing position. MLRS is an all weather, indirect fire system that can deliver overwhelming firepower against enemy artillery, air defense, and other light material and personnel targets, such as assembly areas and command posts. It can fire up to 12 rockets to ranges over 30 kilometers in less than one minute.

these objectives, only ground forces can exert decisive control over them. Wars may be lost on the sea or in the air, they can only be won on the ground.

The lessons of twentieth century wars are relevant for a future where we will be locked in permanent, multifaceted competition with the Soviet Union. The Soviet Union, together with its captive allies and its proxies, is—in Churchill's phrase—"a land animal." Its ground forces are the dominant branch of service and all other services are designed, in varying degrees, to support the offensive operations of the ground forces.

The United States creates landpower through the joint effort of all services, but it is the Army that is charged specifically to organize, train, and equip forces to conduct prompt and sustained combat operations on land. In carrying out this mission, the Army provides an essential capability to deter wars before they start, to control wars if they do start, and to terminate wars on terms favorable to U.S. interests.

In peacetime, deployed Army forces are the nation's clearest, most highly valued symbol of commitment. In low intensity conflict, Army lighter and Special Operations Forces—in conjunction with the diplomatic, economic, and intelligence instruments of national power—can deter or defeat threats to our interests. In mid- or high-intensity conflicts, Army forces of all types can deter attacks on the United States and its allies, prevent a precipitous use of nuclear weapons, initiate escalation if necessary, and bring an end to conflicts on terms favorable to the United States. Finally, in an environment where strategic parity has decreased the ability of both sides to threaten credibly the use of nuclear weapons, ground forces have taken on an especially important role in deterring all types of conflict.

To deter or deal with conflict today, the United States must be capable across the spectrum of conflict. While we must continue to prepare for mid- and high-intensity conflict, the most probable and demanding challenge is low intensity conflicts. We must continue to uphold our vital interests in areas of traditional concern, such as NATO, and also combat threats, such as terrorism that challenge our interests in the world. To accomplish these tasks the Army needs balanced forces capable of operating with forces of allied and other friendly nations. These forces must be sufficiently robust to meet the challenge of a particular conflict, yet flexible enough to yield maximum utility across a spectrum of conflict. The Army must strike an appropriate balance between types of forces (heavier, lighter, and special), between U.S.-based and forward-deployed forces, between combat and support forces, and between Active and Reserve Components. Balance does not imply equal parts, but rather the achievement of optimal force ratios to meet our defense needs successfully.

The Bradley is an indispensable member of the combined arms team. The fire power from its TOW antitank guided missiles, 25mm stabilized cannon, 7.62mm coaxial machine gun and firing port weapons allows the infantry to execute AirLand Battle doctrine.

Strategies to Counter Soviet Capabilities

The quantitative and qualitative modernization rate of the Soviet Army poses a special problem for our Army. Some believe that the Army must develop a "gimmick" to enhance its level of resources. No amount of packaging to improve resource levels will substitute for a well reasoned statement of landpower's contribution to the common defense. Our resources must be applied to those programs that will provide the greatest return on the battlefield. This approach compares U.S. strengths against a potential opponent's weakness in an attempt to maximize the capability of our force structure. It is important to note that this always has been part of the Army's approach to accomplishing its mission. AirLand Battle Doctrine and the Mission Area Analysis process, which supports both our doctrine and our force structure, are powerful examples of this approach. Complementing this approach is the ongoing Army Staff study known as the "Battlefield Interoperability Project". This effort is designed to integrate planning in the areas of combat development, command and control and logistics interoperability, armaments cooperation, and resource strategies.

The remainder of this posture statement explains our plans to accomplish our goals. In Chapter II we detail structuring, manning, modernizing, training, deploying, readiness, and sustaining programs. Chapter III explains how we provide stewardship for the resources given to our care. Chapter IV provides long-term direction. The last chapter addresses an overview of the FY 88-89 budget.

While reduced resources and fiscal realities suggest that we deviate from our program, we believe this view fails to see the future potential that improved conventional forces will provide to deterrence and national strategy. With the possibility of significant reductions in strategic nuclear weapons on the horizon, conventional forces must be credible and deployed in sufficient quantities to provide deterrence. A forward momentum must be maintained to assure the nation has landpower second to none.

A forward momentum must be maintained to assure the nation has landpower second to none.

Chapter 2

TODAY'S ARMY—READY BALANCED

Developing a winning combination for potential battlefields of the future is a key for today's Army. Our strategy to accomplish this task is built around the premise that well defined doctrine executed by more capable forces can revolutionize warfare. The programs we have developed to accomplish this revolution are qualitative vice quantitative in nature. The key components are doctrine, structure, manning, training, sustaining, and deploying. All of this must be accomplished while maintaining or improving current readiness.

Airland Battle Doctrine

AirLand Battle doctrine is the rationale that guides the Army in how it fights. It provides the logic, in conjunction with an analysis of the threat, for the development of forces to meet national security missions. AirLand Battle recognizes the joint nature of modern warfare and has been a catalyst among military professionals, stimulating discussions of the present and future dimensions of military power. One of AirLand Battle's contributions to American military thought has been the reintroduction of the operational art in the conduct of war as the focus of military activity between tactics and strategy.

AirLand Battle seeks to exploit the full potential of U.S. and allied forces by synchronizing all available combat means. The doctrine is rooted in time-tested theories and principles, forward-looking and adaptable to changing technologies, and versatile enough to accommodate a wide variety of worldwide situations.

AirLand Battle emphasizes securing the initiative and exploiting it vigorously to defeat the enemy force. This is achieved by throwing the enemy off balance with powerful initial blows from unexpected directions and following up rapidly to prevent his recovery.

To ensure unity of effort and success in combat, all three areas of operations (deep, close, and rear) are interrelated parts of one battle. Deep operations are designed to shape the conditions in which future close operations will be conducted. Close operations are where the enemy is engaged in close combat and defeated. Rear operations are designed to assure freedom of maneuver, continuity of operations, and uninterrupted service support. Friendly forces, as a result of synchronized close, rear, and deep operations, can seize the initiative and make the best use of all available combat power.

AirLand Battle emphasizes the use of conventional weapons. It also provides for nuclear and chemical operations, but only after specific authorization by the U.S. National Command Authorities.

The Army seldom will fight alone. Since 1983, the U.S. Air Force has agreed to use AirLand Battle doctrine in conjunction with its Aerospace Operational doctrine as the basis for joint combat operations. When Army forces are deployed in allied or coalition operations, AirLand Battle doctrine is adaptable to allied political and military guidelines, procedures and operational plans. AirLand Battle is compatible and complementary to NATO's strategy and operational concepts to include the Follow-on Forces Attack concept for deep operations.

The Joint Force Development Process (JFDP)

In May 1984, the Army and Air Force Chiefs of Staff established the JFDP that consolidated many diverse multiservice ventures into one coherent and product-oriented formal process. It encompasses warfighting initiatives across the full range of service staff functions. The Navy became a full participant in July 1985.

As a complement to the formal joint process, the JFDP strengthens interservice cooperation and provides a more effective and affordable Total Force to the nation. The number of initiatives resolved has resulted in over a billion dollars in near term cost avoidance.

Army and Air Force Surveillance and Target Attack Radar System (STARS) programs were consolidated into a single more survivable Air Force platform, saving over $600 million. The Army's Air Defense Electronic Warfare System consolidated air and ground requirements for ground-based air defense electronic combat, saving over $350 million. The Army assumed the Air Force external air base ground defense mission and agreed to provide small unit maneuver training to Air Force security police, reducing the Air Force planned force structure by 3,300 spaces, terminating the Air Force Mobile Weapon System program, and eliminating the need for 12 Air Force regional training centers, saving over $400 million.

The JFDP has produced across the board warfighting enhancements in the defense of key facilities, counter air operations, sustainment, joint suppression of enemy air defenses, integration of air operations with ground maneuver, reconnaissance, targeting and deep attack. Quality training, sound leadership, modern equipment, and a viable force structure, guided by AirLand Battle doctrine, in harmony with joint and combined doctrine, will enable the U.S. Army to fight and win.

Low-intensity conflict (LIC)

LIC is a limited politico-military struggle to achieve political, social, economic, or psychological objectives. It can be protracted, is generally confined to a geographical area, and is often characterized by constraints on weaponry, tactics, and the level of violence. Based on national objectives and strategy, the U.S. Army missions in LIC fall in four general categories: foreign internal defense, terrorism counteraction, peacekeeping operations, and peacetime contingency operations.

Foreign internal defense consists of economic and technical development assistance; welfare and emergency relief humanitarian assistance; and military and economic security assistance. Security assistance programs include military assistance, education and training; foreign military sales and sales financing; economic support fund; peacekeeping operations; and commercial export sales. U.S. security assistance forces can include airborne, special forces, civil affairs, psychological operations, combat arms, combat support, and combat service support units. U.S. Army forces can conduct advisory, intelligence, civil-military, population and resource control, and tactical operations in a foreign internal defense role.

Defeating terrorism requires the development of national level policy, and offensive and defensive capabilities. For the U.S. Army, terrorism counteraction requires an effective program, intelligence gathering and threat analysis, and reducing the vulnerability of military forces.

Peacekeeping operational methods include observation; surveillance and supervision; patrolling; complaint investigation; negotiation and mediation; and information gathering. Rules of engagement are based on the principles of minimum use of force, total impartiality, and use of deadly force only when absolutely necessary and only as a last resort.

Peacetime contingency operations can include noncombatant evacuation, show of force, peacemaking, unconventional warfare support, and humanitarian assistance support actions. Contingency operations are politically sensitive, often violent in nature, and necessitate close military, political, and economic coordination requiring complex command relationships.

The general categories of Army missions in LIC often overlap. For example, a peacekeeping force must protect itself from terrorist attack. Additionally the preceding categories of Army missions are not confined to LIC. For example, terrorism counteraction may be part of mid- and high-intensity conflict.

Structuring the Army

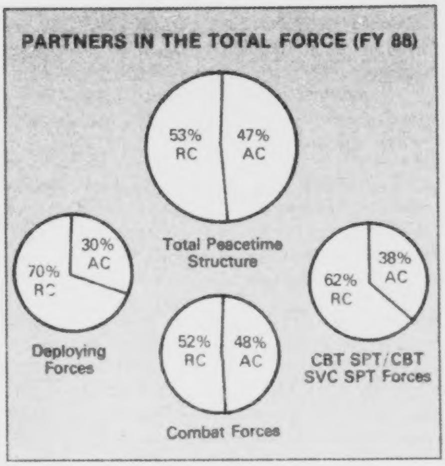
In light of both the threat and resource constraints, the Army places a premium on being ready, flexible, and highly mobile. The Army also relies heavily on ready reserves and greater sequential operations. Most of all, the Army must pursue an appropriate balance between U.S.-based and foward deployed forces, between combat and support forces, between the Active Component (AC) and Reserve Component (RC), and between types of forces (heavier, lighter and special). This latter category of forces is extremely important to the nation. While Army Special Operations Forces (SOF) have superb utility for low intensity conflict, they also are important to the unified commanders in mid- and high-intensity conflicts. Along with our light

Special Operations complement conventional capabilites across the conflict spectrum, but are uniquely suited for limited objective operations at the lower end of the spectrum.

infantry divisions, Army SOF add an important dimension of flexibility to the Army, giving the United States deployable units for operations across the conflict spectrum.

In response to a broadening spectrum of threats, today's Army has been restructured to capitalize on technology and to operate effectively in diverse and distant geographic settings. The Army is organized to employ and sustain the modern equipment now coming on line, train efficiently with that equipment, and capitalize on productivity enhancing technology.

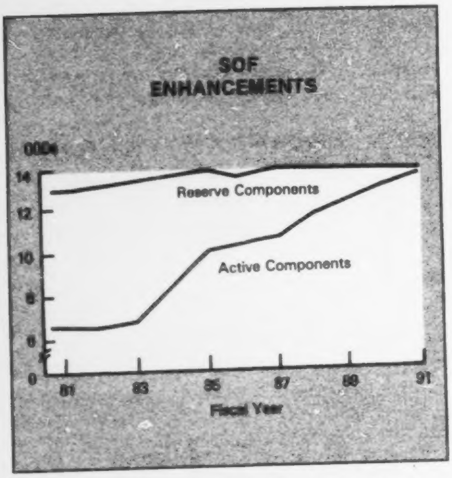
Army restructuring has been accomplished within a deliberately fixed AC end strength using qualitative commitment to force readiness, modernization, and sustainability requirements. Guard and Reserve units have been integrated with the active force to a degree unprecedented in recent history. The Guard has 10 of our 28 divisions. The Selected Reserve (paid reservists and drilling units) will constitutes 53 percent of our total military strength, 52 percent of our combat battalions, 70 percent of our deploying forces, and 62 percent of our combat service support. The RC's maturing professional competence and performance fully justifies their role as an essential element of the Total Army.



Special Operations Forces (SOF) AC/RC

Army force objectives for SOF have been met for 1986, and objectives for 1987 and 1988 remain high Army priorities. These forces play an important role in national strategy whether oriented to counter insurgencies in the foreign internal defense arena or to execute strike missions in any conflict. They are integral to both present and future battlefields.

Force structure objectives for 1988-1989 include the addition of the 129th SOF Aviation Company, the conversion of the 45th Aviation Battalion (NG) to current Table of Organization and Equipment (TOE), and the activation of a Special Operations Aviation Brigade Headquarters. These initiatives reduce the shortfall in aviation assets capable of supporting SOF. The Army has made a commitment to developing and procuring night, adverse weather, long-range, low-level, high-threat penetration aircraft for that purpose. While Department of Defense (DOD) has committed funds to this program, Congress, although recognizing the critical shortfall, has had reservations about the program and has not fully funded requests. With congressional support the Army can develop the aircraft capability required for the high-risk SOF missions. Without these sophisticated aircraft, the primary SOF missions in global war is severely hampered. AC SOF units are increasing their Authorized Level of Organization (ALO) to 100 percent of wartime requirements. The enhancement of SOF capabilities such as the activation of SOF companies in 1988 for the 1st Special Forces Group is a primary objective of the Army program.



Modernization actions will continue to be given impetus through the SOF Modernization Program, influencing developments that key on future equipment and hardware for the forces. Specific equipment improvements in the future will provide sophisticated weapons, communications, and improved helicopters to meet the high speed, low level infiltration and exfiltration requirements of SOF missions.

Readiness and sustainability will continue to improve through 1988. Overall SOF readiness has improved more than 23 percent in the AC and 5 percent in the RC since October 1985. Goals through 1988 will bring all Army SOF to levels of combat readiness consistent with their high priority mission.

Sustainability of the force continues to improve with the newly activated 528th Support Battalion (Special Operations) and 112th Signal Battalion (Special Operations). They are scheduled to achieve 100 percent personnel fill by 1988.

Organization of the Lighter Forces

In FY 88 the Army will continue the process of creating more deployable, relevant lighter forces. The activation and conversion to five light infantry divisions, four in the AC and one in the Army National Guard (ARNG), continues.

The 7th Infantry Division (Light) completed its conversion to the light infantry design in FY 85, and in FY 86 completed a year-long certification. The 25th Infantry Division (Light) in Hawaii completed its conversion to the light infantry division design in November 1986.

The 10th Mountain Division (Light Infantry), that was activated as a new division in FY 85, continues its growth in FY 87 and FY 88. The pace of growth will be determined by the availability of facilities, particularly family housing, at Fort Drum, New York. Additions to the combat service support structure begun in FY 85 will continue through FY 87-88. The 27th Infantry Brigade, ARNG stationed in New York is the third brigade of this division. The 6th Infantry Division (Light) was activated in March 1986 at Forts Wainwright and Richardson, Alaska. This new division was formed from the existing 172d Infantry Brigade already stationed in Alaska. The 205th Separate Infantry Brigade, U.S. Army Reserve, (USAR) headquartered in Minnesota provides one brigade of the division.

The 29th Infantry Division (Light), ARNG, is the Army's tenth National Guard division. It is headquartered at Fort Belvoir, Virginia and was organized from the assets of the 116th Separate Infantry Brigade (Virginia) and the 58th Separate Infantry Brigade (Maryland).

In August 1984, the Army approved new force designs for the air assault and airborne divisions. The air assault division began its conversion to the new design in FY 86; the airborne division is scheduled to convert to the new design in FY 87. The airborne and air assault division structures are based upon the light infantry division force design modified to accommodate unique mission requirements and the need for specialized training. Both divisions will be more readily deployable with increased tactical mobility; improved reconnaissance capabilities; a broader range of communications assets, and organic nuclear, biological, chemical decontamination capabilities; and smoke support.

Refinement of Heavier Force Designs

Army design models provide for an armored division of about 16,800 soldiers (6 tank, 4 mechanized infantry battalions) and a mechanized infantry division of approximately 17,100 (5 tank, 5 mechanized infantry battalions). The design increases from three to four tank and infantry companies in each maneuver battalion. These companies are being equipped with the Abrams tank and Bradley Fighting Vehicle (BFV). The divisional artillery consists of three 155mm self-propelled battalions for direct support and an Multiple Launch Rocket Support System (MLRS) battery for general support. The 8-inch howitzer batteries have been moved to corps to provide the corps commander important assets to execute his plan. Field artillery cannon batteries will increase from six to eight gun units during FY 87-89. Infantry squads and 155mm howitzer sections have been reduced to nine men each. The division support command provides a forward support battalion to each brigade and a main support battalion within the division rear area. A long range surveillance detachment has been placed in the intelligence battalion to provide deep reconnaissance intelligence capability. During FY 88 heavy forces in both Europe and the Continental United States (CONUS) will continue conversion to the refined unit designs as associated new equipment is fielded and facilities become available. RC affiliation with selected units continues, with roundout units converting to new unit designs about the same time as their associated AC unit.

The modern design for the 2nd Infantry Division in Korea was approved in May 1985. The new design considers the unique requirements for this forward deployed division and provides increased firepower through the use of modern equipment while remaining within current manpower authorizations. Of particular significance is the addition of a second attack helicopter battalion in Korea and the deployment of MLRS.

The 9th Infantry Division was tasked to develop innovative tactics and equipment that would evolve for use in a new type division. In September 1985, the Army leadership approved an interim design for a motorized division. This design includes three infantry brigade headquarters, five heavy combined arms battalions, two light combined arms battalions, and two light attack battalions. The division also includes a combat aviation brigade and a divisional artillery consisting of three M198 155mm towed artillery battalions and a composite 105mm/MLRS battalion. The division's tactics and equipment emphasize high tactical mobility and extensive firepower, while still maintaining strategic mobility comparable to the light division.

Manning the Total Army

The total Army of tomorrow will continue to challenge us to meet the demands of the modern battlefield. Our vision for the Army of the 1990s is built around quality soldiers; cohesive units; high performing, human-factored engineered systems; sound soldier-family relationships; and caring leadership.

During the past six years, we have implemented programs to develop and retain a strong, total Army of about two million members including the civilian workforce. Successful recruiting of enlisted personnel has enabled us to meet our quality and quantity force structure requirements. Initiatives undertaken in the President's FY 88-89 budget will enable us to meet requirements for lieutenants by FY 92. Our force alignment program supports the overall strength needs of Active, ARNG, and USAR components. However, we need congressional understanding of our officer needs and the reversal of the legislated officer reduction.

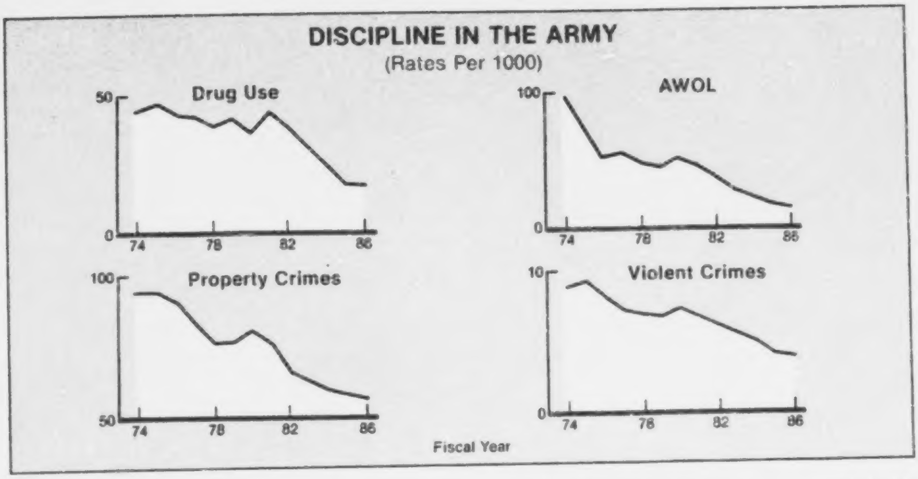
A banner effort is being made to nurture an organizational culture for attracting and preserving a quality force. The Army recognizes the important link between education, recruiting, and retention. We encourage our soldiers to make education a life-long pursuit. Educational and enlistment incentives provided by the New GI Bill, the Army College Fund, and the Enlisted Cash Bonus have been highly effective and need continued support.

Since 1981, our Unit Manning System has improved combat readiness by fostering cohesion among the soldiers and reducing personnel turbulence in the units. The technology-driven challenges that precipitated the current modernization program have also required that design of equipment and materiels focus upon human performance factors. There is the recognition that soldier performance, reliability, and retainability can be improved if adequate attention is focused during the design and acquisition process.

The satisfaction of family needs are a contributor to soldier performance and overall unit readiness. Quality of life programs have been more adequately funded. They are now bearing fruit. New emphasis is being placed on family fitness, family member employment, youth development, child care, facilities upgrade, and other family-oriented responsibilities of the soldier-parent. Continued support of these efforts is needed.

For our total Army today, we must fully utilize the talent of all personnel. For our Army alumni, we also are recognizing the importance of maintaining a positive relationship long after their active service to the country ends. All our soldiers and civilians have made a great personal sacrifice for our nation—helping them reach for excellence is the central focus of our personnel vision.

In July 1986, the Military Retirement Reform Act had a noticeable impact upon the military community. While the provisions of the Act apply only to those members who joined on or after August 1, 1986, the Act has had a chilling effect on older members. Some believe these changes could inspire other changes in compensation that could affect them. These notions gain momentum from the fact that both the military and many of the civilian members are beleaguered by a persistent pay lag when compared to private industry that is not being adequately addressed.



DISCIPLINE IN THE ARMY
(Rates Per 1000)

Discipline of the Force

Starting in FY 74 and continuing through 3d Quarter FY 86, violent crime and property crime steadily declined. This can be attributed to many factors: among them are: the accession of highly motivated, quality soldiers; a concern for discipline shared by soldiers and their commanders at all levels; and a vigorous Army Crime Prevention program. Through FY 85, AWOL declined and has been relatively constant through 3d Quarter FY 86. Desertion declined through FY 84 and has been relatively constant through 3d Quarter FY 86. The continued accession of high quality personnel and the maintenance of a healthy command climate that supports discipline will assure this trend continues.

Officer Accessions

The officer accession system should provide officers of the requisite quantity, quality, and academic discipline to satisfy the requirements of the Active Army, ARNG, and USAR. Officers enter the Army through four precommissioning programs—The U.S. Military Academy (USMA), the U.S. Army Reserve Officers' Training Corps (ROTC), the Officer Candidate School (OCS) at Fort Benning, Georgia, and State National Guard OCS programs. In FY 86 approximately 1,000 lieutenants were commissioned from USMA, 8,200 from ROTC, 900 from OCS, and 1,405 from the State OCS programs. ROTC and OCS programs will increase during the period FY 88-92 to meet the demand for officers in the RCs.

Total Army End Strength

Since FY 85 the Army has limited its AC end strength to approximately 781,000. Increasing demands for scarce manpower resources, coupled with budget constraints, necessitated a management concept that forces productivity improvements and a commitment to a stable force. Within this constrained end strength, the Army has increased combat units; enhanced readiness; and improved force capability through modernization, productivity investment, and contract support; and the RCs. Increased reliance on the ARNG and USAR resulted in moderate growth that proved cost effective and provided increased capabilities for worldwide contingencies.

Civilian Manpower Trends

With increased focus on the nation's deficit, the DOD Budget and civilian employment began a sharp downward trend in FY 86 from 420,000 in FY 85 to the relatively stable level of approximately 412,000 in FY 88 and FY 89. Within this lower level our concentrated efforts in efficiency reviews, productivity enhancing capital investments, increased emphasis on the private sector, and other management initiatives allow us to increase support for military technician, medical and force modernization programs.

Retiree Recall Program

Army retirees represent one of the largest sources of pretrained individual manpower. In the event of mobilization, more than 100,000 retirees will report within seven days to a variety of locations in CONUS either filling positions needed specifically for mobilization or occupying positions previously held by AC soldiers, freeing those soldiers for deployment. Additionally, over 3,200 retirees residing in West Germany and 185 residing in Korea are preassigned to requirements in those countries.

TOTAL ARMY END STRENGTH

	FY 87	FY 88	FY 89
ACTIVE ARMY	780,800	780,900	780,900
ARMY NATIONAL GUARD	452,681	458,800	464,901
ARMY RESERVE*	319,378	330,400	339,100
TOTAL MILITARY	1,552,859	1,570,100	1,584,901
CIVILIAN*	412,153	411,530	412,308

*Civilians include Military Technicians also counted in ARNG and USAR military strengths.

Since the first "hip pocket" orders were issued in 1981, the program has been constantly refined to make use of this skilled and dedicated force. This effort continues with data base upgrades that will assist managers in identifying the best qualified retiree for a particular preassignment.

Unit Manning System (UMS)

The Active Army implemented a UMS to improve combat effectiveness by reducing personnel turbulence and fostering unit cohesion, esprit, and loyalty in Army units. The program consists of two major subsystems: Cohesion Operational Readiness Training (COHORT) Unit Replacement for the Active Army, and the U.S. Army Regimental System (USARS). Initially, only the infantry, armor, and cannon field artillery combat arms were involved in the program. Combat support and combat service support have been integrated into the program where practicable and necessary.

Under COHORT, first-term soldiers and career soldiers in battalion size and smaller units stay together longer. The long-term relationship fosters greater horizontal (peer) and vertical (chain of command) bonding within the unit. In addition, commanders have time to develop long-range training objectives for obtaining higher performance standards than currently attainable with an individual replacement system.

Emerging results of the comparative COHORT to non-COHORT evaluation reflect vastly improved stability and cohesion in COHORT units. An automated decision making model, the COHORT Integration Model, has been developed to determine the rate at which new COHORT units can be formed in response to Army requirements.

The USARS is designed to enhance combat effectiveness by providing the opportunity for affiliation. Affiliation develops loyalty and commitment, fosters an extended sense of belonging, improves unit esprit, and institutionalizes a warfighting spirit. A regiment within the USARS is defined as a single unit or a group of like-type units designed with a unique regimental color and formed for the purpose of providing an affiliated soldier with an opportunity for long term identification, the potential for recurring assignments, and the basis to perpetuate historical customs and traditions.

Affiliation is the opportunity for a soldier to associate voluntarily with the regiment of his choice for purposes of career development and homebasing. The goal is for 100 percent affiliation of all Army officer, warrant officer, and enlisted personnel.

There are 78 active combat, combat support and combat service support regiments in the system as of FY 87. The USARS is programmed for expansion through FY 92 to a total of approximately 180 regimental colors.

New GI Bill, Army College Fund and Enlistment Cash Bonuses

The Army uses educational incentives and enlistment cash bonuses to attract qualified individuals for designated skills. With the potential pool of applicants declining, these incentives are a primary tool to attract, distribute, and align quality accessions. The new GI Bill was enacted as a test program beginning July 1, 1985 and ending June 30, 1988. The GI Bill, as part of a comprehensive recruiting incentives program, has contributed to the overall success of the military services in meeting their manpower goals both in quantity and quality. The GI Bill has strong public identification and support and will continue to play a major role in future manpower programs. It must be made permanent. Currently the AC cumulative participation rate is 74 percent. The Army College Fund (ACF) participation rate is 35 percent. It is expected that the GI Bill, ACF and cash bonuses will continue to be primary recruiting incentives to enable the Army to meet accession goals into the 1990s.

Full-Time Support (FTS) of the Reserve Components

The ARNG and the USAR require full-time personnel to improve readiness through training, recruiting, administration, maintenance support, and mobilization for troop program units. These personnel help ensure the state of readiness needed to perform assigned missions effectively. The Army, fully supported by Congress, has emphasized for a number of years that full-time manning by active duty and RC military personnel, and dual status technicians enhances unit readiness. The progress made in increasing the efficiency, capability and readiness of RC units has been accelerated by previous FTS increases. During FY 86 the RCs met their authorized full-time active guard/reserve (AGR) strength levels and their floors for technicians. The FY 87 program budget request for 4,990 ARNG and 1,50 USAR personnel was based upon new requirements for 1,542 positions resulting from force structure changes, and 21,168 requirements necessary for sustainment of the existing force. Less than one-third of the requested growth for FY 87 was approved by Congress. This shortfall is critical as additional high priority missions are being assigned to the RCs. Without the requested growth the RC cannot continue to absorb new missions and force structure, especially special operations, linguistics, aviation, medical and electronic warfare.

Women in the Army (WITA)

The number of women in the Army has increased dramatically in the last two decades. Since FY 60, AC female strength has grown from 4,200 officers and 8,300 enlisted soldiers to about 11,200 officers and 69,150 enlisted. Selected Reserve Component figures show the same trend. In the Army Selected Reserve, women comprise over 16 percent of the force. Officer strength is 7,470; enlisted strength is 40,800. Over 5 percent of the ARNG force was composed of women at the end of FY 85. Officer strength was 2,200; enlisted strength was 20,500.

Our objective is to provide women soldiers with the maximum opportunity to succeed. Our policy has been brought in line with Navy and Air Force statutes which exclude women from serving on combatant ships and planes. To define where women should serve on the battlefield, the Army developed a system which identified the risk of direct combat for every position in the Army. This system is called the Direct Combat Probability Coding Policy. It excludes women from jobs which involve direct combat. Enlisted women may serve in 86 percent of all specialties; that is, in 315 of 365 MOSs.

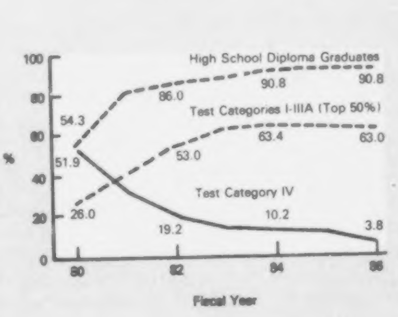
Total Army Enlisted Retention and Reenlistment

The reenlistment program focuses on retaining performance-oriented soldiers who possess leadership potential in the right skills and in the quantities sufficient to meet the needs of the career force. While the Active Army achieved its aggregate reenlistment goal for 1986, the reenlistment rate of initial-term soldiers who were high school diploma graduates and scored in the upper half of the Armed Forces Qualification Test continued to decline. Adequate compensation, in addition to special and incentive pay programs, are essential if we are to retain these highly qualified soldiers who will become the Army's future noncommissioned officer (NCO) leadership.

As a result of force restructuring, requirements for NCOs will increase 9,300 by FY 92. Our manpower requirements can only be met if the Army is successful in retaining a higher proportion of top performing initial-term soldiers as well as experienced leaders. Military pay comparability lags civilian earnings by 9.6 percent in FY 87 and as a result may effect retention. This trend must be reversed to retain our experienced professionals.

The Army will, in FY 87, test and prepare to implement the Transition Management Process. This process will place increased emphasis on identifying and transitioning to the RCs those quality soldiers who have chosen to leave the AC. Emphasis will be placed on assisting these soldiers to become members of RC units or in entering institutions of higher learning with concurrent participation in ROTC programs.

QUALITY OF ACTIVE ARMY ACCESSIONS



Recruiting

In FY 86 the Active Army achieved 100.2 percent of its total recruiting goal and, for the third straight year, could report that more than 90 percent of its new non-prior service recruits were high school graduates. While the percentage of non-prior service enlistees scoring in the top three test categories (TC I-III-A) of the Armed Services Vocational Aptitude Test remained at the desired 63.0, the percentage scoring in the lowest acceptable category (TC IV) declined significantly from 8.5 in FY 85 to 3.8 in FY 86, thus continuing a five-year-old trend. FY 86 recruiting accomplishments, like those of FY 85, reflect the Army's goals of recruiting at least 90 percent high school graduates, 63 percent test category I-IIIA soldiers and less than 10 percent test category IV soldiers each year.

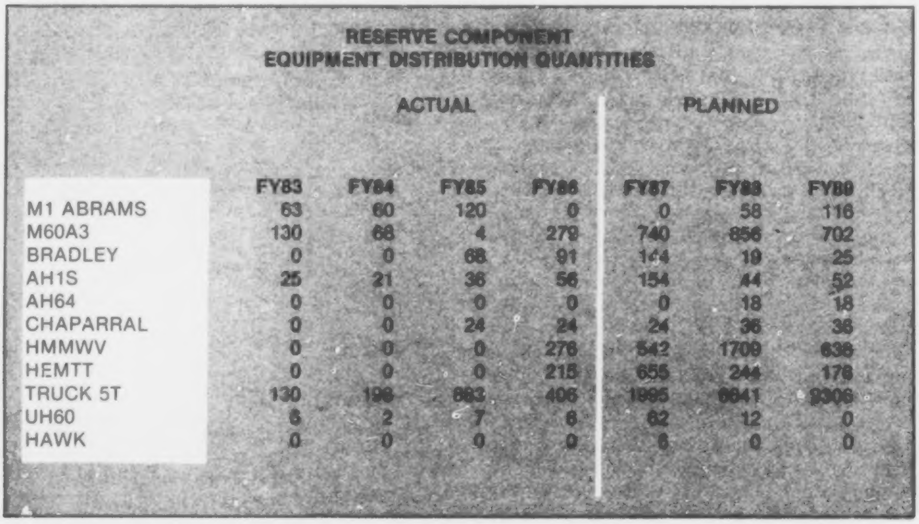
The Army expects to satisfy its quantitative requirements and to maintain the quality content of its accessions in FY 87 and beyond. Realizing these goals, however, will not be easy in the face of a declining quality labor pool, an improving economy, a widening disparity in pay comparability, decreased unemployment, and potential reductions in recruiting and advertising resources. The successes of FY 85 and FY 86 can be attributed in large part to favorable market conditions coupled with adequate funding levels, in particular for such Army incentives and educational benefits and cash enlistment bonuses focused on quality accessions. The ability to man the force in the future will be no less dependent upon these critical factors.

Modernizing and Equipping the Army

Strategy For Modernizing And Equipping

The Army must continue efforts to modernize the air and land forces that would fight together to defend U.S. interests worldwide. AirLand Battle doctrine describes the Army's approach to generating and applying combat power at the operational and tactical levels of war in support of theater strategic objectives. Battlefield success requires securing and retaining the initiative to strike critical targets whose loss will degrade the coherence of enemy operations in depth, and most rapidly and economically achieve victory. Army forces must strike deep, win the close-in battle and protect operations in the rear area. The Army's investment modernization strategy is to continue modernization of equipment and systems for the interrelated close, deep, and rear operations, and continue to invest in research and development to exploit high leverage advanced technologies. Implicit in this strategy is the acquisition of appropriate command and control and sustainment capabilities. This approach will enable the United States to gain a qualitative edge and field a greatly enhanced conventional deterrent force.

During the first half of the 1980s the Army experienced an upward trend in modernization with one-



RESERVE COMPONENT
EQUIPMENT DISTRIBUTION QUANTITIES

	ACTUAL				PLANNED		
	FY83	FY84	FY85	FY86	FY87	FY88	FY89
M1 ABRAMS	63	60	120	0	0	58	116
M60A3	130	68	4	279	740	856	702
BRADLEY	0	0	68	91	144	19	25
AH1S	25	21	36	56	154	44	52
AH64	0	0	0	0	0	18	18
CHAPARRAL	0	0	24	24	24	36	36
HMMWV	0	0	0	276	542	1708	636
HEMTT	0	0	0	215	655	244	176
TRUCK 5T	130	198	883	406	1995	6641	9306
UH60	6	2	7	6	62	12	0
HAWK	0	0	0	0	6	0	0

third of the force completing modernization by the end of FY 87. The realities of fiscal constraints have forced significant reductions in the modernization program and placed Army land force modernization behind the pace of continuing Soviet land force modernization. Accelerated completion of the modernization program is needed to improve conventional capabilities for two important reasons. First, improved conventional capabilities will raise the nuclear threshold. Secondly, with the possibility of successful nuclear arms reductions, an improved conventional force is necessary to maintain credible deterrence.

The Army has several systems designed to assist resource and distribution decisionmaking for the purpose of ensuring the maximum capability is realized from the resources available. Key among these systems is the Army Readiness Management System (ARMS).

ARMS is designed to identify areas where readiness improvements can be made. ARMS uses a wide variety of analytical and non-analytical sources of information to allow correct decisions to be made that will facilitate the highest state of readiness.

One of the primary analytic tools of ARMS is the Measuring Improved Capability of Army Forces (MICAF). MICAF study is used by the Army to assess the capability impacts of our modernization program. This study addresses the principal combat and support systems assigned to our major combat units—divisions, separate brigades, and armored cavalry regiments. As a result of recent modernization programs, MICAF shows that the capability of our major combat units has increased by over 45 percent since 1980.

Army equipment procurement in FY 87 will complete the fielding of more than one half of the combat systems initiated in the 1970s. Since entering the 1980s, the Army has realized a marked increase in combat capability due to equipment modernization.

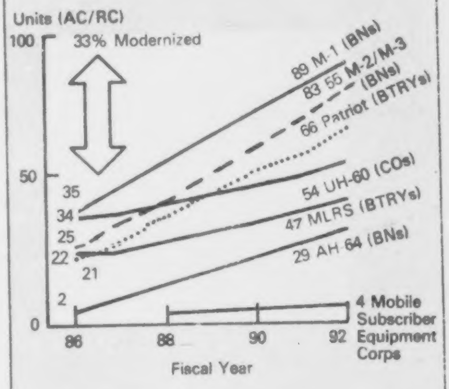
The FY 88 procurement requests will continue the modernization effort, albeit more slowly, by providing 600 M1 tanks, 616 M2/M3 BFVS, 24 MLRS launchers, 67 AH-64s, and 61 UH-60s.

Our modernization strategy is based on the AirLand Battle doctrine. The capability of the force is maximized by developing complementary combat systems to support our warfighting doctrine across all mission areas. The tactical potential and decisive balance this modernization strategy creates can be seen in the systems we have now fielded in substantial numbers:

- The M1 Abrams tanks and M2/M3 Bradley Fighting Vehicles (BFV) working in tandem in close operations
- The Stinger missile strengthens and complements air defense
- The UH-60 Black Hawk helicopter supports and adds flexibility in rear operations
- The AH-64 Apache complements the M1/M2 in the close battle.
- The MLRS adds increased fire power and range to support maneuver forces.

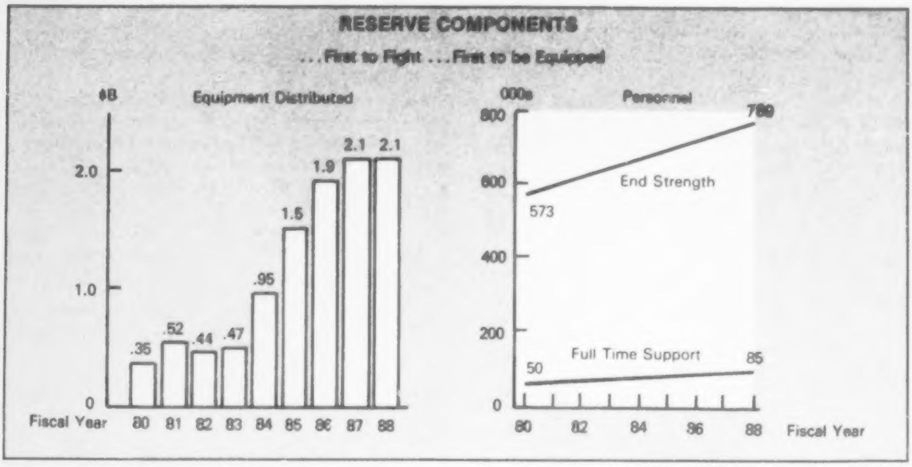
By developing complementary and multi-capable combat systems to counter the threat in all mission areas, we are creating an interdependent "system of systems". That means all systems must be operational and deployed in the correct location and quantity. The capability lost by failing to field any essential system in an overall mission area is comparable to the proverbial weak link in a chain.

UNIT MODERNIZATION



The Army now issues new major systems to units in complete unit sets. Every associated hardware item which is required to be on hand in the unit for the unit to accomplish its mission will be issued at the same time. Sustainability and combat readiness are achieved only when a unit is staffed, trained, equipped and operationally tested. It is the Army's goal to continue this approach through the modernization effort. Within this approach the Army is distributing the new equipment to those units likely to be the first to fight. Equipment distribution to the RCs is also being accelerated to ensure compatibility with the active force. The RCs will receive approximately $2.1 billion worth of equipment in FY 88 ($1.2 billion in modernization items). We must continue to equip our Total Army with qualitative systems in a synchronized manner, so that we can defeat a numerically superior adversary.

Product improvement is now embedded in our acquisition strategy from the outset. Programs such as



the M1 tank and Bradley Fighting Vehicle are already being improved through preplanned product improvements so they will remain effective against an evolving technological threat. Currently fielded equipment such as the M60A3 tank, TOW 2 missile, Chinook, Chaparral, and Hawk are all examples of systems which remain effective because of ongoing product improvements.

The Abrams tank is the Army's primary ground combat weapon system for closing with and destroying enemy forces using firepower, mobility, and shock action.

Since the start of the present modernization program, the conviction that a small, high-quality Army with modern, lethal equipment can defeat an adversary with superior numbers has governed our modernization and equipping strategy. The urgency of completing our modernization program cannot be over emphasized. We cannot lapse again into a period of stagnation while Soviet trends in amassing quantitative equipment superiority and qualitative upgrades contine unabated. Continued support is needed.

DEEP OPERATIONS REQUIREMENTS

The complexity of today's battlefield, coupled with scarce resources, mandates development of capabilities which support fighting with numerically fewer forces and weapons than the enemy, but still defeating him. AirLand Battle doctrine prescribes the Army's approach to generating and applying combat power in such an environment at the operational and tactical levels during close, deep, and rear operations. Deep operations comprise activities directed against enemy forces not in contact and are designed to influence the conditions in which future close operations will be conducted. While close operations bear the ultimate burden of victory or defeat, the successful conduct of deep operations will disrupt the enemy's command and control systems, and slow the tempo of enemy offensive operations. Successful conduct of deep operations is essential in preventing the second echelon from becoming a first echelon problem.

In the conduct of deep operations, the corps commander must disrupt the enemy, thus making it impossible for him to accomplish his mission. Deep fires require careful analysis of enemy capabilities to interfere with friendly operations, and of enemy vulnerability. Only those enemy elements which can affect friendly operations, or are critical to the accomplishment of threat functions, are potentially targets for engagement. Targeting the enemy in depth will be focused on planned engagements, and will have "function kills" as its objective, not necessarily the defeat of specific threat systems.

A system of systems is under development to provide capabilities for fulfilling the requirements of deep operations. These sensors, communications, command and control, when fused together and coupled with weapons systems, will evolve into a more fully automated architecture. The most prominent of these systems are the Joint Tactical Fusion Program, the Joint Surveillance and Target Attack Radar System, the Army Tactical Missile System, and the Joint Tactical Cruise Missile System.

Joint Tactical Fusion Program (JTFP)

The JTFP is building the All Source Analysis System (ASAS) and Enemy Situation Correlation Element (ENSCE). ASAS/ENSCE will give Army and Air Force battle commanders a common view of the battlefield and the enemy situation. ASAS/ENSCE provides automated fusion of intelligence data from Army and Air Force intelligence collection systems.

The two systems will be interoperable, using common hardware and nearly identical software. Three limited capability configuration systems will be fielded in FY 88 and FY 89.

Joint Surveillance and Target Attack Radar System (Joint-STARS)

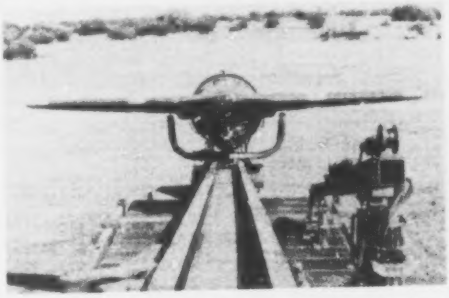
A key element in the AirLand Battle doctrine is that the commander must see and strike deep into the enemy rear echelons. JSTARS is a battle management and target attack control system which will detect, track, classify, and assist in attacking both moving and stationary targets beyond the Forward Line of Own Troops (FLOT).

The Air Force is responsible for development of the prime mission equipment (platform, radar, data links). Target information will be transmitted through the secure data link mounted on the E8A (militarized Boeing 707) to multiple ground stations. The Army is responsible for the Ground Station Module (GSM) and Downsized Ground Station Module (DGSM) to include the ground data terminal. A limited procurement for the Army ground stations is planned this year (FY 87). Development for the full-up GSM and DGSM will continue throughout FY 87.

Aquila Remotely Piloted Vehicle

Aquila will perform target acquisition, designation, and aerial reconnaissance missions in support of the commander. The Aquila is a small, propeller-driven, pilotless aircraft that can operate in hostile territory without risking human life. Aquila locates targets, then laser designates them for destruction by laser-seeking artillery or missiles. It also allows adjustment of artillery fires, performs reconnaissance, damage assessment, and other functions. Pending successful completion of operational testing in March 1987, production will begin in August 1987.

Recent testing of Aquila has been highly successful. During development testing in May 1986 Aquila flew 54 missions demonstrating that it met 21 key performance requirements of the systems. Following the test, Army soldiers "road-marched" the equipment 360 miles and scored four out of four direct hits with air launched, laser guided Hellfire missiles. Sixteen of 17 Copperhead rounds fired using Aquila as the laser designator also scored target hits giving the Army a needed "over-the-hill" tank killing ability. Total procurement of Aquila is currently established at nine batteries to support the total force.



The Aquila Remotely Piloted Vehicle is a small propeller-driven, automatically and remotely controlled aircraft.

Multiple Launch Rocket System (MLRS)

MLRS is a free-flight, multiple launch rocket system with a dual-purpose improved conventional munition warhead. MLRS includes a tracked self-propelled launcher loader, disposable launch pod containers, and rockets. MLRS is presently fielded to batteries throughout the world. Growth potential for MLRS exists for a scatterable antitank mine warhead, terminal guidance warhead, sense and destroy armor warhead, and binary chemical warhead. MLRS is being produced in the United States. In the future France, West Germany, Italy and the United Kingdom will produce the system in Europe. Twenty-one MLRS batteries have now been fielded.

MLRS Terminal Guidance Warhead (TGW)

The MLRS includes a preplanned improvement for a TGW warhead antiarmor capability. The MLRS-TGW will be able to attack moving and stationary armored vehicles and equipment from above, using highly accurate and lethal submunitions dispensed from an MLRS rocket.

Army Tactical Missile System (Army-TACMS)

Another key program that will help disrupt the enemy in the critical deep operations is Army-TACMS, an improved conventional ballistic missile system designed to attack targets of importance to the corps at ranges beyond the capabilities of cannons and rockets. Army-TACMS will be fired from the existing MLRS launcher; each launcher may carry two Army-TACMS missiles.

CLOSE OPERATIONS REQUIREMENTS

Close operations at any echelon comprise the current activities of major committed combat elements, together with their immediate combat support and combat service support. At the operational level, close operations comprise the efforts of large tactical formations—corps and divisions—to win current battles. At the tactical level, close operations comprise the efforts of smaller tactical units to win current engagements.

At any echelon, close operations include the close, deep, and rear operations of subordinate elements. Thus the close operations of a corps includes the close, deep, and rear operations of its committed divisions or separate brigades. Activities are part of close operations if they are designed to support the current fight. Among the activities typically comprising close operations are maneuver (including deep maneuver); close combat (including close air support); indirect fire support (including counterfire); combat support and combat service support of committed units; and command and control.

Basic to close operations is the application of direct combat power with short range weapons used by infantrymen. Close operations also rely heavily on the use of indirect fire support provided by conventional artillery. The following systems provide that capability.

M1 Series Tank

The Abrams Main Battle Tank is the centerpiece of Army modernization. Delivery of the basic M1 tank was completed in June 1986; 34 M1 tank battalion equivalents were fielded including 4 ARNG battalions. This phase of the M1 series tank program has been highly successful. After five years of fielding, the feedback from tactical commanders and troops has been uniformly positive. The M1 has performed excellently in Reforger exercises with displays of high speed tactical maneuverability and accurate firepower. Its operational readiness rate continues to be at or above the Army's goal of 90 percent.

An important improvement is the fielding of the M1A1 tank, which incorporates the 120mm gun (versus 105mm for the M1); armor enhancements; a nuclear, biological, chemical (NBC) defense system; and suspension improvements. Fielding began at Fort Bliss, Texas in August 1986 to support a follow-on evaluation of the tanks. A second block of preplanned improvements is scheduled to be incorporated into the M1A1 fleet beginning in FY 88. The M1A1 tank system provides greater kill and growth capability to meet the advanced threat.

The Army is requesting funds in FY 88 to procure 600 M1A1 tanks to equip two divisions and continue development of tank and ammunition improvements. Some operations and support cost saving items will also be put into production and applied in retrofit.

120mm Tank (M1A1) Main Gun Ammunition

Production and delivery of 120mm ammunition continues in support of the fielding of the M1A1 tank by battalion sets. Overseas shipments began last year prior to M1A1 deployment. Initial issue quantities as well as sustainment quantities will be in place prior to the tank's fielding. The 120mm munitions comprise four rounds: The M-829, a kinetic energy (KE) round; the M-830, a chemical energy (CE) round with a shaped charge warhead; and training counterparts for each (the M865 KE trainer and M-831 CE trainer).

The Army will continue to buy 120mm ammunition to field and support the M1A1 tank fleet throughout the 1990s.

M2/M3 Bradley Fighting Vehicle (BFV)

The BFV is a full tracked, armored vehicle equipped with TOW antitank missiles, the 25mm cannon and 7.62mm coaxial machine gun. The BFV has the cross country mobility to operate at high speed in tandem with the M1 Abrams in the combined arms team. Bradleys allow our mechanized forces to maneuver and fight during night or day, providing overwatching fires while on the move. The Bradley is an essential element of our modernized battlefield capability and has proven itself to be an invaluable component of the Army's modernized combined arms team.

FY 88 will be the ninth year of production for the Bradley. As of December 31, 1986, 19 battalion size units have received and fielded the BFV; two are ARNG battalions.

Improvements to the BFVs are being made incrementally. All BFVs being procured in FY 87 are in the A1 configuration which incorporates the TOW 2 missile launcher and several interior design modifications. The vehicles produced with FY 87 funds are planned to have modifications derived from lessons learned during vulnerability testing. Current planned modifications include spall liners in the troop compartment, applique armor, limited ammunition restowage, electrical line spall protection, and repositioning of the fire suppression system sensor. The Army has also initiated a program to examine advanced survivability concepts for application to the BFV as well as future lightly armored vehicles.

Combat infantryman dismounts from the Bradley. The Bradley provides infantry units with a full-time lightly armored fighting vehicle, and the scout and armored cavalry units a vehicle for their screening, reconnaissance, and security missions. The Bradley's mobility and speed complement the Abrams tank, and when doctrinally employed, is a critical member in the projection of the close battle forces.

Attack Helicopters

The Army is building an effective attack helicopter fleet to give the close combat team a round-the-clock quick reaction capability, and the firepower to destroy high value targets wherever an enemy is penetrating. Our primary attack helicopter is the AH-64 Apache, complemented by the AH-1S Cobra.

AH-64 Apache

The first operational unit of Apaches was fielded at Fort Hood, Texas in April 1986. After a very successful battalion level Army Training and Evaluation Program (ARTEP), the unit was activated in July. The Apache is armed with laser designated Hellfire missiles, 30mm cannon, and Hydra 70 rockets. Target Acquisition Designation Sight and Pilot Night Vision Sensor provide day/night laser designation and infrared night vision for both the pilot and copilot/gunner. The Apache, which is designed to fight worldwide, day or night, and survive, will provide a significant improvement over the current TOW Cobra (AH-1S). The FY 88 budget request (to buy 67 aircraft) will be the final procurement year of Apaches. A total of 593 Apaches will enter the force.

AH-1S Cobra

The Cobra attack helicopter is being equipped with a Forward Looking Infrared (FLIR) sensor and TOW-2 guidance electronics through the C-NITE program. These Cobras will then be able to engage targets during periods of reduced visibility and at night. At present the Cobra's main armament, the TOW missile, cannot be used at night without artificial illumination. In 1986 the Army completed all testing of the C-NITE system and production decision is scheduled for May 1987.

Hellfire

The Hellfire missile system is the main antiarmor armament of the Apache helicopter. Hellfire is a laser guided missile that has greater lethality, longer standoff range, and shorter time of flight than the TOW missile system. It is also under consideration as a ground launched weapon. Technical production problems have been solved and two contractors are increasing production at a satisfactory rate.

TOW 2

The TOW (Tube-Launched, Optically Tracked, Wire Command-Link Guided) missile has undergone intensive product improvement to retain its capability against recent threat innovations in the area of reactive armor and electro-optical countermeasures. The TOW 2 provides a more lethal 6-inch warhead, greater speed, and improved guidance.

AT4 Lightweight Multipurpose Weapon System

The AT4 is a shoulder launched disposable antiarmor system which will be issued as a round of ammunition as needed to individual soldiers. Deliveries will begin 2d Quarter FY 87 to the Army, Navy, and Marine Corps. For the Army, the AT-4 supplements the existing inventory of M72 Light Antiarmor Weapon (LAW). The round will be produced in Sweden through FY 87. The Army plans to begin transition to U.S.-based production beginning in FY 87 with all rounds thereafter being domestically produced.

Advanced Antitank Weapon System-Medium (AAWS-M)

AAWS-M is the replacement for the Dragon, which has been in the field since 1975. The AAWS-M program will give the dismounted infantryman a medium manportable antitank weapon system capable of defeating the evolving Soviet armor threat. It will also allow the soldier to operate effectively in battlefield environments filled with obscurants and electro-optical countermeasures. AAWS-M is the highest priority development program for our light infantry forces.

Advanced Antitank Weapon System-Heavy (AAWS-H)

The Army is requesting funds to initiate the AAWS-H program in FY 88 as a future replacement for the

TOW as the Army's principal antitank guided missile. The AAWS-H will provide an effective extended range, vehicular mounted, heavy antitank capability.

M16 Rifle

Fielding of the M16A2 rifle began in January 1987 and will continue during the year. The M16A2 incorporates improvements in sights, pistol grip, stock, and overall combat effectiveness. Its maximum effective range increased from 460 to 550 meters over the M16A1. Its heavier barrel is designed to fire the NATO standard ammunition. The M16A2 is also being procured by the Marine Corps in conjunction with the Army purchase.

9mm Personal Defense Weapon

First delivery of the pistol began last year. It replaces the caliber .45 M1911A1 pistol and various caliber .38 revolvers being used by the services. The 9mm, a semiautomatic pistol which fires 9mm NATO ammunition, has greater firepower, a better safety mechanism, and double action. The goal of the 9mm program is to eliminate proliferation of different handguns and standardize ammunition with our NATO allies.

Squad Automatic Weapon (SAW)

The SAW is a lightweight, portable 5.56mm machine gun that can deliver a large volume of fire to a maximum effective range of 800 meters. The SAW was initially fielded in 1984. In FY 85, solicitation for a multiyear contract was cancelled in order to design and test user required modifications. These modifications were tested and adopted last year.

MK-19 Grenade Launcher

The MK-19 MOD-3 is a self powered, air-cooled, blow-back, 40mm automatic grenade launcher capable of a cyclic rate of fire of 325-375 rounds per minute. The MK-19 was recently elevated by the user to number one priority among small arms and will have much wider application than previously anticipated. It provides more accurate, longer range fire power against enemy personnel and lightly armored vehicles than the weapons which it replaces (M2 machine guns and vehicular mounted M60 machine guns). It can engage point targets up to 1,600 meters and provide area suppressive fires out to 2,200 meters.

120mm Mortar

The 120mm mortar will be the battalion mortar for heavy forces. It was chosen as an off-the-shelf replacement for the current 4.2 inch mortar primarily because the 120mm offers greater growth potential.

A U.S. production base for both weapons and ammunition will be established. Off-shore procurement will be limited to 63 systems and supporting ammunition.

Integral to the 120mm effort is the ammunition development program that provides improved high explosive lethality, and improved range and accuracy for the family of HE, smoke, illumination, and training ammunition.

M109A2/A3 Howitzer

The Army continues modifying part of the M109A2/A3 fleet to extend its useful life to the 21st century. Modifications will provide improved capability and survivability. These include an improved recoil system and cannon which can fire to a maximum range of 30 kilometers; an onboard ballistic computer and gun positioning system; microcooling for increased capability of operation in an NBC environment; and improved crew protection.

M109 Self Propelled 155mm Howitzer is designed to provide the primary indirect fire support to the maneuver brigade.

Copperhead

Copperhead is a 155mm laser-guided artillery projectile designed to attack high value (stationary and moving) hard point targets with a high probability of achieving first round kills. Copperhead has been fielded to Europe, Korea and CONUS, and additional procurement is planned between FY 88 and FY 92 to satisfy inventory objectives.

A product improvement program has been initiated to enhance performance and reduce cost by about 10 percent. The Army has evaluated the feasibility of establishing a second source for production of Copperhead, providing an alternate mobilization producer, and inducing competition in future purchases.

Light Howitzer M119

The British Light Gun M119 fulfills the light infantry division requirement for an extended-range, lightweight 105mm howitzer. The M119 is towable behind the High Mobility Multipurpose Wheeled Vehicle and air-transportable by the Black Hawk helicopter. Delivery will begin in 1987. The United Kingdom is initially producing the M119 to achieve early fielding to the 7th Infantry Division in FY 88. Subsequent procurement will be through coproduction, followed by U.S. production. The M119 can fire U.S. standard 105mm projectiles to a range of 14 kilometers and has the potential to fire rocket-assisted projectiles to a range of 19.5 kilometers.

Field Artillery Ammunition Support Vehicle (FAASV)

The FAASV is a tracked, self-propelled armored ammunition carrier that will meet a critical requirement, since currently fielded M548 ammunition resupply vehicles are unarmored and lack survivability features. Procurement with FY 88 funds will complete fielding of the FAASV to forward deployed artillery forces in Europe and Korea.

Trailblazer (AN/TSQ-114)

The AN/TSQ-114 is a highly automated, track mounted, tactical communications intercept and direction finding system that is organic to the heavy division. One quick reaction capability system and three AN/TSQ-114A systems have been fielded to Europe. Production of the AN/TSQ-114B will begin in FY 87.

Night Vision (NV)

The Army revised its NV device acquisition procedures after a 1984 area functional assessment placed heavy emphasis on the Army's night vision capability to be able to fight as well at night as during the day. In late FY 85 two five-year multiyear contracts were awarded for NV image intensification devices, providing long term stability for industry.

M9 Armored Combat Earthmover (ACE)

ACE procurement meets the combat arms requirement for a highly mobile, armored earthmoving vehicle that can dig, doze, haul, and scrape. It is fast enough (30 mph) to keep pace on the modern battlefield, and offers the operator protection from small arms fire, artillery fragmentation, and NBC agents.

A fully competitive Request for Proposal released in March 1986 resulted in a firm fixed price contract award with five years of price options. The competitive nature of the procurement resulted in a greater than 40 percent program cost savings over previous Army projections. The first option was awarded in November 1986.

REAR OPERATIONS REQUIREMENTS

Rear operations comprise activities rearward of elements in contact. Rear operations are designed to assure freedom of maneuver and continuity of operations, including continuity of sustainment, and command and control. Rear operations may have little immediate impact on close ground operations, but are critical to subsequent operations, whether in exploiting success or stemming failure. At the operational level, rear operations focus on preparing for the next phase of the campaign or major operation. At the tactical level, rear operations underwrite the tempo of combat, assuring the commander the agility to take advantage of any opportunity without hesitation or delay.

Four activities in particular must be conducted as part of rear operations: assembly and movement of reserves; redeployment of fire support; maintenance and protection of sustainment efforts; and maintenance of command and control. In addition, other operations include: establishment and maintenance of lines of communications; traffic regulation and control; medical and field services; refugee control; and maintenance of civil order. Systems critical to ensuring successful rear operations include: the Black Hawk utility helicopter, tactical wheeled vehicle systems, the CH-47D medium lift helicopter system. Other systems to include command and control and close combat systems are also essential in this area.

UH-60 Black Hawk

The Black Hawk is a highly maneuverable helicopter that can carry up to 11 combat-equipped soldiers or an equal cargo load in all expected geographical environments. Black Hawk has been successfully employed under demanding tactical conditions in field exercises and was used extensively in Grenada. Its enhanced survivability plus significant technological reliability, availability, and maintainability improvements give it a staying power never before achieved in a helicopter.

In FY 87 the Army began fielding production aircraft with the infrared suppressor system to reduce aircraft vulnerability to infrared missiles. Fielding of crashworthy external fuel tanks will begin in FY 88.

Tactical Wheeled Vehicles

Tactical transportation needs, integral to all combat operations, have undergone dynamic changes the past few years. Our mobility has been greatly improved both in the air and on the ground. The main deficiency is in the area of tactical wheeled vehicles.

Although vehicle production and fieldings continue, the tactical wheeled vehicle fleet remains critically short of meeting requirements, especially in the 5-ton and Heavy Expanded Mobility Tactical Truck (HEMTT) 10-ton payload categories. To partially remedy this, a new five-year multiyear contract for approximately 15,000 five-ton trucks was awarded in May 1986.

The FY 88-89 budget will continue production and fielding of the current five-ton and HEMTT programs. In the future a new 5-year multiyear contract will be awarded for the High Mobility Multipurpose Wheeled Vehicle (HMMWV) to assure continued fielding of this important addition to our light fleet. Procurement of the Small Unit Support Vehicle will continue for the 6th Infantry Division (Light) in Alaska, as well as procurement of motorcycles for use in light divisions. The testing of heavy tactical vehicle prototypes, based on the palletized loading system concept, and family of medium tactical vehicle prototypes will begin as part of the evaluation program.

The High Mobility Multipurpose Wheeled Vehicle is designed to replace several existing Army Vehicles—the current half ton and 1-¼ ton vehicles and the jeep.

CH-47D Chinook

The CH-47 is the Army's medium lift helicopter. It is being modernized to the D model configuration to extend the service life into the period 2004-2010. The program entered its seventh year of production in October 1986 on schedule and there are no deviations anticipated. By the end of 1986, 140 CH-47Ds were in the hands of troops. Plans are underway to pursue either a follow-on multiyear contract (FY 90-92) or single year procurements to complete the modernization effort for the CH-47 fleet.

M88A1 Recovery Vehicle Improvement Program

Under certain conditions the current M88A1s are incapable of safely towing M1 and M1A1 main battle tanks. The improvement program will incorporate a higher horsepower engine, improved winch and boom, and better armor protection. Procurement of the M88A1E1s will continue through FY 92 for a total of 849.

Logistics Unit Productivity Systems (LUPS)

The Army will continue to reduce logistical structure shortfalls. Through the LUPS initiative, combat service support units are modernizing and converting from labor to equipment intensive designs. Unit capability will increase while reducing personnel requirements. For example, productivity is improved through increased automation and acquisition of the Small Emplacement Excavator, High Mobility Materiels Handling Equipment, 20,000 gallon collapsible tanks, 7,500 gallon petroleum tankers, 65 ton Rough Terrain Container Cranes, and 6,000 pound Variable Reach Rough Terrain Forklift.

Synchronization/The Army Command and Control (ACCS) System

One of the Army's highest priorities is the improvement of command and control capabilities to enhance the warfighting potential of the Army's combat formations. The program to exploit technology and the advances in automation is the ACCS. The ACCS is designed to improve synchronization of combat forces through efficient information management of the five battlefield functional areas: maneuver control, fire support, intelligence/electronic warfare, air defense, and combat service support. Additionally, all five ACCS systems will be networked for critical information exchange. Information entering the network will be distributed to commanders and their staffs in near real time using three primary means of communication: voice, data, and area support. The voice requirements will be satisfied with the Single Channel Ground and Airborne Radio System. The data system will be the Army Data Distribution System, while Mobile Subscriber Equipment will provide secure, automatic area communications services.

Maneuver Control System (MCS)

The MCS provides computer-aided decision support at corps through battalion levels. Important battlefield information can be collected and reviewed, with subsequent battle plans, orders, estimates, and tactical reports being produced and distributed rapidly. MCS consists of fully militarized and non-developmental items (NDI) items. Production of the militarized MCS computers is in its fourth year and the software evolution continues based on field user feedback and evaluation in Europe. The NDI portion of MCS is type classified and is in production. The program is successful and has substantial momentum.

Advanced Field Artillery Tactical Data System (AFATDS)

The role provided by AFATDS is critical to implementation of current AirLand Battle doctrine. AFATDS will provide automated support for the planning, coordination, and execution of close support, counterfire, interdiction and suppression of enemy fires. It will meet fire support requirements of the ACCS during the 1990-2010 timeframe. It will be provided compatibility with all existing and planned U.S. and Allied field artillery systems and sensors. AFATDS will also correct the fire control and distribution deficiencies of the current TACFIRE system with no increase in personnel requirements, greatly reduced size, and a minimized training burden.

Battery Computer System (BCS)

BCS is a compact, technical computer system at field artillery battery level. The BCS is composed of a Battery Computer Unit (BCU), Power Distribution Unit (PDU) and Gun Display Unit (GDU). Firing data is transmitted to the weapon automatically via digital links (wire or radio) and is displayed on the GDU at the weapon. The BCS can operate autonomously, with the TACFIRE system, or with the AFATDS/ACCS architecture. An expanded memory for the BCS, which will be fielded by the end of FY 88, will permit computation of data for SMART munitions and MLRS. Last year the Army completed BCS fielding to the active force and began fielding to the RCs. Current force structure changes have raised the requirement for BCS by approximately 500 systems. The Army will begin evaluating the need for a new contract that procures a follow-on BCS in the 1990 timeframe.

Forward Area Air Defense Command, Control and Intelligence (FAAD C2I)

An urgent requirement exists to improve our FAAD to counter the air threat to our divisions. An integrated FAAD systems program has been developed and approved in concept by the Secretary of Defense. The FAAD system, which is discussed in the next section on Survivability from Air Attack, consists of weapon delivery elements tied together by C2I elements which integrate FAAD with the supported forces through the ACCS architecture. The FAAD C2I element is an integral part of FAADS and incorporates a family of sensors (ground and aerial, airborne, active and passive) with an automatic data processing and distribution capability. The system will correct serious deficiencies in targeting, air defense operations, and force integration. This is achieved through dissemination of aircraft alerting and cueing data from sensors, weapons control orders, and other air defense and command and control data.

Combat Service Support Control System (CSSCS)

The CSSCS is the Army's automated command and control system for the provision of troop support services such as supply, maintenance, ammunition, transportation, medical, and personnel. The first device being fielded to provide automation in this critical area is the Tactical Army Combat Service Support Computer System (TACCS). TACCS is a rugged, transportable, user friendly NDI system that will provide retrieval, editing, printing, and data transmission capability down to battalion level. It will replace the punched card machines now being used. TACCS will improve the accuracy, timeliness, and transmission of the administrative and logistical data required to support the Army in the field. The program will support fielding of TACCS to both the AC and RC.

Single Channel Ground and Airborne Radio System (SINCGARS)

SINCGARS will provide the Army's next generation of light-weight, securable VHF-FM combat net radios. They will be capable of operating in voice and data modes in an electronically hostile environment by using an anti-jam technique known as frequency hopping. The SINCGARS radios are configured in manpack, vehicular, and airborne modes. The modular construction approach will permit the replacement of five currently fielded radios and reduce the maintenance burden.

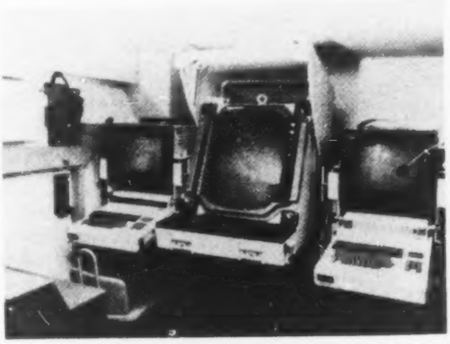
Army Data Distribution System (ADDS)

ADDS is an automatic tactical data distribution system. It will give combat commanders the capability of meeting near real-time data communications and position location reporting requirements. ADDS represents two systems, the Position Location Reporting systems (PLRS), joint Army and Marine program, and the Joint Tactical Information Distribution System (JTIDS), a joint Air Force and Army program.

The ADDS program will be reviewed in April 1987 to assess its readiness to enhance a low volume of PLRS receiver with a produce improvement. Emerging test information from the PLRS and Enhanced PLRS will be used in making this assessment. Plans are for all PLRS hardware to be modified to the ADDS configuration by the 3d Quarter, 1990.

Mobile Subscriber Equipment (MSE)

MSE is a secure, automatic digital area communications system which will provide mobile and stationary users at corps and division level with voice, data and facsimile capability. The force structure identified in the current MSE contract will be totally equipped by 1993 with equipment that provides multiple communications nodes and network features which



Mobile Subscriber Equipment allows users to keep the same telephone number as they move on battlefields and will automatically route calls around damaged or jammed nodes.

automatically by-pass and reroute communications around damaged or jammed nodes. It will greatly facilitate operations through its modular signal organization structure, mobility, and quick set-up and displacement capability. The system is interoperable with TRI-TAC, Combat Net Radio, commercial telephone systems and NATO communications networks.

The underlying concept of MSE is that area communications provided at corps and below must be more mobile, less manpower intensive, and more survivable than existing area communications facilities to support AirLand Battle better.

Procurement of MSE through FY 91 will result in a total of 2 training base sets, 28 divisions MSE signal battalions,and 20 corps MSE signal battalions, (4 per corps).

Army tactical and strategic satellite communications programs link the operational commanders within the theater of operations and back to CONUS and the National Command Authorities. Army tactical satellite programs include the ongoing fielding of the multichannel initial system, the AN/TSC-85A and AW/TSC-93A, and the ultra high frequency (UHF) manpack and vehicular satellite terminals.

Single Channel Objective Tactical Terminal (SCOTT)

SCOTT is a highly mobile tactical satellite ground terminal that will operate within the Military Strategic and Tactical Relay Satellite Communications System. The SCOTT terminal provides up to four secure voice or data communications channels. Within the Army, SCOTT will be deployed from division through theater levels.

Defense Satellite Communications System (DSCS)

The Army portion of this joint program develops and procures ground satellite communications terminals, related communication subsystems, and communications network control facilities for deployment worldwide. Present Army research and development and procurements are realizing a modern, more survivable and enhanced capability for long haul satellite communications. The FY 88-89 budget request will maintain this momentum.

Survivability From Air Attacks

Our air defense systems must protect all elements including troop formations, depots, lines of communication, air bases, key command and control facilities, and other vital assets. A comprehensive air defense umbrella for these assets is needed at all ranges, altitudes, and types of operation. For the low altitude threat to the division we are developing and fielding the Forward Area Air Defense System. Medium and high altitude attacks are countered by the Patriot and Hawk Systems.

Forward Area Air Defense System (FAADS)

The FAADS was recommended by a special study group convened after the termination of the Sgt York Division Air Defense (DIVAD) system.

The lessons learned from the DIVAD experience proved that one system alone, or even multiple weapons acting independently, cannot defeat the air threat. Ongoing Army programs are being combined with new technology to integrate weapons, sensors, and C2I architecture as a system to counter the entire spectrum of the air threat to the forward area through the 1990s and beyond. The FAADS concept is designed to provide total coverage in the division area and permit the enemy no preferred attack options. The strategy relies heavily on NDI and preplanned product improvements to overcome our current air defense deficiencies and keep pace with the advancing threat.

The FAADS concept includes a Line of Sight Forward-Heavy weapon, a Non-Line of Sight weapon, a Line of Sight-Rear weapon, combined arms enhancements and is tied together by the FAAD C2I.

FAADS Line of Sight-Forward-Heavy (LOS-F-H)

The LOS-F-H weapon is a NDI that will be fielded with Army heavy divisions to engage the helicopter and fixed wing aircraft threat to the maneuver forces. The LOS-F-H air defense weapon will kill and suppress enemy aircraft and exposed helicopters before they can engage friendly forces. It will be effective against helicopters hovering in clutter and operating at night.

FAADS Non-Line of Sight Air Defense System (NLOS)

The NLOS weapon will effectively engage hovering or slow moving helicopters at extended ranges. Heavy and light divisions will be able to attack helicopters in the HIND and HAVOC class that are standing off beyond the range of forward forces or masked by terrain.

Test flights of the Fiber Optic Guided missile have demonstrated ability to fire a small missile from a HMMWV and kill flying helicopters up to 10 kilometers from the fire unit. A milestone review to approve entering full scale development will be conducted in 1987.

Pedestal Mounted Stinger (PMS)

The PMS weapon, the line-of-sight rear component of the FAADS, will be a lightweight, highly mobile surface to air missile/predicted fire weapon system operated by a two-man crew. It will be used for defense against fixed-wing aircraft and helicopters at low altitudes, in both day and night operations. It will be employed primarily in the division rear area. PMS is being procured as a NDI. Deliveries are scheduled to begin in FY 88.

Stinger/Stinger-Passive Optical Seeker Technique (POST) and Reprogrammable Microprocessor (RMP)

Stinger is a portable, shoulder fired, passive infrared homing guided missile system in a disposable launch tube with a reusable grip stock and identification, friend or foe unit. It provides company-size combat units protection against air attack. Basic Stinger entered formal engineering development in June 1972; Deliveries will be completed in January 1987. Initial deliveries of Stinger-POST, which improves performance in an infrared countermeasures environment, began on schedule in September 1986. Development of a reprogrammable microprocessor (RMP) is underway. The RMP will provide a capability to facilitate future change to seeker software to counter infrared countermeasures.

Hawk

Hawk is undergoing its third major product improvement which will keep it viable into the 1990s. It provides vital air defense against low to medium altitude air attack of air bases, critical logistics installations, and corps air defense priorities. The FY 88 request will continue procurement which will increase firepower, improve mobility and operator training, as well as provide chemical protection.

Patriot

Patriot is the most sophisticated air defense system in the world, capable of operating in an electronic countermeasure environment against aircraft at all altitudes. The fourth Patriot battalion was activated in May 1986 and deployed in December 1986. The Patriot program is now well over the halfway mark in procurement. A five-year multiyear procurement beginning in FY 87 will buy 36 fire units and 3,862 Patriot missiles. An aggressive product improvement program is underway to increase Patriot's capability and provide the foundation for Patriot's antitactical missile capabilities.

Chaparral

Chaparral is the Army's short range air defense missile system. It is effective against all types of aircraft at low altitudes and provides protection for forward deployed divisions, corps, and theater rear areas.

An ongoing product improvement program has enhanced Chaparral's target acquisition and missile engagement capability. To keep Chaparral current against the improved counter countermeasure threat, the Rosette Scan Seeker guidance system is under development. Other new developments include forward looking infrared optical improvement, and a collective NBC protection system. The ARNG will be equipped with Chaparral fire units for six battalions by FY 90.

Medium Surface to Air Missile (MSAM) System

MSAM is the conceptual low to medium altitude surface-to-air missile system that will replace both Hawk and Chaparral in the army air defense force. MSAM will provide greater firepower and tactical mobility at greatly reduced manpower levels over the current systems.

MSAM was approved as a major system in August 1986. It is currently a candidate system for cooperative development funded initially under the Nunn Amendment. NATO has an Outline NATO Staff Target, the equivalent of a required operation capability document that provides the basis for negotiating a Memorandum of Understanding for initial development work in FY 88.

Tactical Missile Defense

The growing number of Soviet tactical missiles in Europe poses a serious threat to NATO's security interests. Improvements in tactical missile accuracy offer the Soviets the potential for an incapacitating first strike when employed as part of the Soviet air offensive, thus diluting the deterrent effect of nuclear weapons and lowering the nuclear threshold. Early Soviet tactical missiles were inaccurate and primarily carried nuclear payloads. NATO relied upon the deterrent effect of nuclear forces to counter this threat. Current intelligence estimates postulate, however, dramatic increases in targeting accuracy for Soviet tactical missiles over the next 10-20 years.

The Tactical Missile Defense Program (TMD) emphasizes a comprehensive approach to the tactical missile threat. The program has four components consisting of:

☐ Passive defense measures
☐ Active missile defense systems
☐ Offensive counter air systems to attack tactical missiles and support structures
☐ Appropriate (C3I) systems

The FY 88-89 budget will continue this DOD development program and provide for modifications to existing air defense missile systems to improve their performance against tactical missiles. The first layer of tactical missile intercept capability was demonstrated in September 1986 with the inflight intercept of a Lance tactical missile by a Patriot air defense missile. This capability will be improved and fielded in FY 88. Additional work on long range sensors and C3I systems will focus on enhancing U.S. and NATO antitactical missile (ATM) capabilities. Funds are programmed for U.S. and allied ATM architecture study and design. An Army Special Task Force has been formed under the direction of the Deputy Chief of Staff for Operations and Plans. It will serve as a single point of contact for TMD related efforts and develop a comprehensive program and master plan.

Nuclear and Chemical Operations

Chemical Warfare Deterrence and 155mm Binary Munitions

Although the Army's chemical defense readiness has improved, our ability to deter chemical warfare is considered marginal. Threat documents continue to indicate an increasing chemical warfare threat around the world, in all potential levels of conflict. To counter that threat, we have provided more protection, decontamination, and monitoring equipment, but serious gaps remain. In FY 88-89 the Army will continue to procure the United Kingdom Chemical Agent Monitor, the Norwegian Lightweight Decontamination System, a simplified collective protection shelter, an improved individual decontamination kit, and new protective masks. In FY 89 the Army will begin to procure a new stand-off chemical agent detector and non-aqueous equipment decontamination system.

An integral factor in our chemical defense readiness is medical countermeasures to chemical warfare agents (CWAs). Current programs include pre-treatment antidotes; therapeutics and protectants for CWA; and medical diagnostic and casualty handling procedures. Accomplishments to date include fielding of a nerve agent antidote (Mark I), utilization of a British drug for use as a nerve agent pretreatment, and repackaging the cyanide antidote for use at battalion aid stations. In FY 88-89 we will field or transition to final development the following products: resin blend skin decontamination; a pill or capsule form of a nerve agent pretreatment; a spray form of atropine; a pretreatment for cyanide toxicity; a new patient CW wrap; a ventilator/resuscitator for use forward on the battlefield; and a vital signs monitor for treating CW casualties. Continued progress in these vital areas of CW defense and medical countermeasures to CWAs depends on sustained levels of funding.

Protective measures alone will not deter chemical warfare. Our deterrent capability will not be adequate until we field a modern chemical retaliatory capability. The Army has continually requested funds to modernize our retaliatory chemical weapons. Our government is committed to rid the nation of old unitary stockpiles and, with the aid of Congress, replace it with a safer, smaller, but militarily more effective binary stockpile. Such a commitment to modernizing that stockpile is key to restoring a meaningful chemical warfare deterrent and moving ahead in efforts to ban chemical weapons altogether. Towards this end, the FY 88-89 budget request continues procurement of the 155mm binary projectile.

Pershing II (PII)

PII is a mobile, medium range, surface-to-surface missile system. PII uses two solid propellant motor stages and a new technology terminal guidance system to provide highly accurate nuclear delivery from 100 to 1,800 kilometers in support of the theater commander. Fielding of PII was completed in December 1985. The system will undergo JCS-directed operational testing to determine overall system reliability.

Artillery Fired Atomic Projectiles (AFAP)

AFAP have provided a vital part of deterrent and warfighting capability for over 30 years. Modern AFAP provide a credible battlefield nuclear capability, forcing threat maneuver units to disperse, and enhancing the overall effectiveness of conventional defenses.

Most of the current AFAP need to be modernized for improved safety, security, effectiveness and command and control. We are continuing to carry out the plan reported to the Congress in accordance with the DOD Authorization Act of 1985. However, the ceiling imposed by that Act on the total number of modern nuclear projectiles results in a total number of modern AFAP less than the original NATO, CINCs, and JCS requirements. This will result in postponing the retirement of some aging W33 8-inch and W48 155mm AFAP.

Survivability, Security, and Safety (S3) (Nuclear Surety) of Army Nonstrategic Nuclear Weapons

No single event could have a more profound impact upon the deployment of nuclear weapons than an even partially successful penetration of a nuclear storage site. Recent world events have brought a vivid awareness of the magnitude of terrorist capabilities and a realization of the serious consequences of such actions should they ever be directed against nuclear weapons.

The Army began an intensive physical upgrade of its nuclear storage sites in the mid 1970s. This program, the Long Range Security program (LRSP), includes hardened facilities, improved lighting, and intrusion detection with double fencing. To combat the increasing terrorist threat in the early 1980s, the Army developed the Weapons Access Delay System (WADS). WADS is designed to delay an adversary from removing a nuclear weapon from its storage structure. WADS provides an additional access delay factor if the physical features of the LRSP and the on-site security force were overcome. WADS installation is scheduled to be completed in FY 88. In 1984, a Supplemental Delay Devices Program was developed to address requirements not covered by WADS. The Supplemental Delay Program construction effort will begin 1st Quarter FY 87. The Army Nonstrategic

Nuclear Forces S3 program will ensure that Army nuclear weapons will remain safe into the 21st century.

Training the Force

Training Devices and Simulators

The Army continues its investment in technology-based training devices and simulators that revolutionize the way soldiers and units train. These investments permit the attainment and sustainment of higher levels of soldier and unit proficiency than were previously possible. Further, the integration of technology based trainers into unit training programs provides training feedback previously not available and generally at lower cost than more traditional training methods. Many such devices have been successfully integrated into the training base and are increasingly important in providing technology-based solutions to the RC environment.

The TOW and Dragon simulator will be fielded to the RC before FY 88. AC fielding of the same system will follow in FY 89. TOW qualification will be accomplished exclusively through simulation.

Fielding of gunnery simulations for the Abrams tank and the BFVs will continue. The Tank Weapons Gunnery Simulation System (TWGSS) will provide both basic gunnery skills training and sustain advanced gunnery skills. TWGSS is a tank or BFV appended, precision laser device for use on training ranges. TWGSS replaces existing sub-caliber devices used for basic marksmanship training, eliminating the use of sub-caliber ammunition, and the need for full caliber ammunition to support sustainment training. Another simulator, Guard Fist I will begin fielding to provide tank gunnery skills training for use in the RC unit armory environment. Guard Fist I, to be available at each unit armory, will complement tank gunnery training provided by the Mobile Conduct of Fire Trainer (M-COFT) rotated from armory to armory. These systems will significantly improve sustainment training for gunnery skills in Reserve tank battalions.

The ARNG has 3 M-COFTs and is scheduled to receive the balance of its 75 required trainers by FY 96. The M-COFT provides the ARNG armor force and the Bradley equipped infantry forces the opportunity to train to standard at regular intervals and at a fraction of the time and cost of present gunnery training.

The Army will continue to field an interactive laser disc-based system which supports a full range of computer based instruction. The Electronic Information Delivery System will initially be applied in the school and then exported to the field. Computer based instruction has been proven a very effective and efficient training method in structured training environments.

A simple, commercially available drivers' emergency procedures trainer will be fielded. As a diagnostic tool it will accommodate screening of personnel before they drive the first mile. It will also support the regular practice of basic driving skills and simulate hazardous driving conditions. Use of this device in unit driving programs will reinforce good driving habits and foster improved driving skills, potentially reducing the number of Army motor vehicle accidents.

The Multiple Integrated Laser Engagement System (MILES) is an unquestioned success in tactical training up to battalion level. Efforts continue to make MILES compatible in all components of combined arms training. MILES will be fielded with the Army's newest helicopters beginning in FY 88. Once fielded, commanders will have the capability to employ all elements of the combined arms team in a fully instrumented mode. Efforts to incorporate the simulation of field artillery, mines, and NBC area weapons effects will continue in FY 89.

These enhancements will add new dimensions to tactical training.

Commitment to Simulation Networking (SIMNET) remains strong. This technology is the only available alternative to attain and sustain maneuver skills. The assessment of SIMNET's ability as a trainer at various organizational levels will be completed in FY 88. Based on this data, the Army will define the requirements for such a system and develop materiel fielding plans.

Training sustains critical skills and provides necessary feedback. It is the glue that binds the learning process. While invaluable, training devices and simulations cannot totally replace the more traditional forms of maneuver and gunnery training. The ultimate goal is to balance the mix of training with devices and simulations, and training with actual equipment to meet established readiness conditions.

Leader Training

In recent years, the Army has developed a wide range of training programs—focused at every level from the junior NCO to the general officer. They are designed to enhance leader competence and to instill tactical and technical proficiency.

The Army is improving basic NCO courses to bridge the training gap that exists in the way combat arms, combat support, and combat service support soldiers are trained. The initiative has added standardization leader training to programs of instruction. It also has established a requirement to perform certain MOS critical tasks to a specified standard.

Ranger training is a key Army leader training program. The annual training requirement for Rangers increased from 2,100 to 3,500. This increase is needed to support Army of Excellence Ranger requirements in the Light Infantry Division, new Ranger units, Long Range Surveillance units, and other units.

The Combined Arms and Services Staff School (CAS3) at Fort Leavenworth, Kansas provides intensive staff training to officers during their sixth through ninth year of service. CAS3 ensures that all officers—those who staff units which fight, support, and sustain the battle—receive appropriate training early enough in their careers to help them to perform effectively. They learn to develop staff studies, staff estimates, operations plans and orders, and related staff products. CAS3 was fully implemented in FY 87. For FY 88, there will be 10 classes, each with 450 students.

The Advanced Military Studies Course (AMSC) was established at the Command and General Staff College, Fort Leavenworth in 1983. AMSC provides a broad education in the art and science of war at the tactical and operational levels. It goes beyond the Command and General Staff Officer Course (CGSOC) in practical application. Forty-eight officers enroll in this one-year course each year. Following their academic program, AMSC graduates complete an internship assignment as operational planners at division or corps staff level. It is the Army's concept that AMSC graduates will serve to seed the force with operational experts of exceptional competence. Beginning in FY 88, four U.S. Air Force officers will attend AMSC after completing CGSOC.

The Active Army's highly successful precommand course for battalion and brigade commanders is being tailored for RC commanders. This initiative is called the Commanders Training Program (CTP). Its modular format allows the course to be configured to meet the specific training needs of RC commanders. CTP pilot modules were conducted in FY 86 and FY 87. Full implementation of the CTP will begin in FY 88.

Several leadership initiatives focus on the general officer corps. Officers assigned as commanders and assistant commanders of Army divisions have an opportunity for intensive precommand training. This training is tailored to the individual needs of the officers attending. It emphasizes knowledge and skills essential to tactical and technical excellence.

Advanced Collective Training Facilities (ACTF)

The ACTF will expose battalion task forces and brigade staffs to demanding training experiences with opposing forces and standardized feedback. ACTF encompass both existing, approved, and proposed facilities designed to replicate the spectrum of conflict from low-to high-intensity. These facilities include the National Training Center (NTC), the Combat Maneuver Training Complex (CMTC), and the Joint Readiness Training Center (JRTC).

The NTC, located at Fort Irwin, California, is the Army's key facility for training mechanized and armor battalion task forces. In FY 86, the NTC reached a constant level of 28 battalion rotations per year. ARNG roundout battalions also benefit from the NTC experience. Two units trained with their active partners in FY 86; two more are scheduled for FY 87, and an additional two are projected for FY 88. Realistic conditions are the most significant feature of the NTC. Implementation of the NTC Five Year Plan in FY 87 provides additional improvements in NTC training. The brigade headquarters and supporting elements will be more fully integrated into NTC exercise and evaluation play. Air Force close air support has been integrated into the instrumentation system with an offensive capability. Follow-on systems will allow the Army to conduct active instrumented air defense against opposing enemy air forces.

In November 1984, The Commander in Chief, U.S. Army Europe (USAREUR) approved establishment of an ACTF at Hohenfels Training Area, Germany. The CMTC is designed to provide the same training benefits for USAREUR maneuver battalion task forces that CONUS based units experience at the NTC. The CMTC will provide an annual opportunity for USAREUR battalions to train in a realistic battlefield environment against a skilled opposing force. Through instrumentation and observer/controllers, the CMTC will gather valuable information for unit after action reviews and Army lessons learned. Procedures similar to those used at the NTC will be used to enhance training at the CMTC. It is envisioned that an opposing force will be stationed at Hohenfels during FY 90, and that the CMTC will be fully operational by FY 91.

The Joint Readiness Training Center (JRTC), designed to train the total Army for low- to mid-intensity conflict, is the Army's latest ACTF initiative. In concept, the JRTC operations group and opposing force will be stationed at Little Rock Air Force Base, Arkansas, with the mission of conducting training exercises at Fort Chaffee, Arkansas and at additional sites that support unit war plans. The implementation of the program is contingent upon the results of a pilot rotation to be conducted in the Fall of 1987. Subsequent planning calls for an additional six battalions to be trained in FY 88 with a sustained rate of 13 battalions in FY 1989.

Army Exercise Program

The Army exercise program includes joint, combined, and unilateral exercises. Significant joint and combined exercises are scheduled by either the JCS or unified commands and are centrally sponsored and coordinated through the JCS Exercise Program. Unilateral exercises are scheduled and sponsored generally by a single service at corps level or below.

The JCS Exercise Program provides Army units valuable total force training in their wartime missions. To the maximum extent possible, exercise force lists integrate AC and RC units according to CAPSTONE alignments. Participation of high priority RC units is planned in conjunction with the Overseas Deployment for Training Program. During FY 87, the Army participated in total of 49 exercises. RC units or staffs participated in 34 exercises.

CONUS-based unit deployment training is provided under the auspices of the JCS program. Troops and equipment are deployed and exercised in Europe, Southwest and Southeast Asia, Korea, the Pacific, and Central America. Highlights in FY 87 included Reforger 87 which deployed the largest number of CONUS troops in the history of the exercise; Team Spirit 87, a defense of Korea exercise which involved the largest combined force of the year; and Bright Star 87, a large scale multinational rapid deployment exercise in the U.S. Central Command area of operations.

During FY 88, the Army will participate in 54 JCS-directed or coordinated exercises. RC units or staffs will participate in 36 exercises. Although there will be some variation in specific FY 89 exercises, Army forces are scheduled for a total of 45 exercises. The RC will provide forces or player staffs to 33 exercises.

Team Spirit 88 and 89 involve integrated strategic air and sea deployments of CAPSTONE aligned AC and RC forces from CONUS and the Pacific area to the Republic of Korea. The exercise provides visible evidence of American commitment and capability to assist in maintaining security and peace for Korea. It also contributes to US-ROK military partnership by providing a realistic vehicle for maintaining interoperability and standardization between forces.

Reforger 88 and 89 will deploy AC and RC forces to Germany where Prepositioned Materiel Configured to Unit Sets (POMCUS) equipment will be drawn and a field training exercise conducted with USAREUR. RC units will provide a major share of the exercise's extensive combat service support requirement. The FY 88 iteration will be the twentieth of the series, demonstrating rapid reinforcement of NATO, U.S. warfighting capabilities, NATO interoperability, and execution of general defense plans.

Joint and combined exercises sponsored by the U.S. Southern Command will deploy the AC and RC to Central America. Key exercises for FY 88 and FY 89 include Ahuas Tara, Blazing Trails, Cabanas, and Kindle Liberty. Combat support and combat service support RC forces constitute a major portion of the force list. Deploying forces integrate with forward deployed U.S. and host nation forces to provide invaluable training for both U.S. and friendly forces. These exercises also deter aggression by maintaining an identifiable U.S. presence in the region.

U.S. Central Command will alternate the location of its annual exercise by conducting Gallant Eagle 88 in CONUS and Bright Star 89 in that commander's area of responsibility. Both exercises will integrate the RCs and emphasize rapid deployment, mobility, and combat readiness of joint forces. Additionally, Bright Star 89 will emphasize coordination and use of host nation agreements.

Army Range Modernization Program

The Army Range Modernization Program began in 1982. Since inception, the program has matured into an effective management system for the fielding of training ranges in support of Army modernization and training requirements. The program provides modern training facilities to support the live-fire and maneuver training requirements of new weapons systems such as the Abrams tank and the BFV. An essential theme of range modernization remains to provide enhanced, instrumented ranges at home stations. Only these type facilities provide the means to attain, sustain, and train to correct weaknesses that have been identified in the course of joint exercise participation and/or rotation to an Advanced Collective Training Facility.

The Multipurpose Range Complex (MPRC) is the keystone range facility. It provides a multitude of challenging gunnery experiences for tank and mechanized infantry units up to the platoon level. In addition, the MPRC can be used to enhance dismounted infantry and helicopter live-fire exercises. Fifteen of 18 ranges planned in the program will be completed or under construction by FY 88. MPRCs are programmed for Gowen Field, Idaho and Camp Grayling, Michigan. These MPRCs will support the M60A3 modernization program for the RCs and be cornerstone facilities in support of RC high intensity battalion/task force training at these sites.

The Military Operations on Urbanized Terrain (MOUT) facilities are designed to train soldiers in the techniques that will be necessary when fighting in built-up areas. Sixteen MOUT complexes are in the Army range program. However, only seven such facilities will have been completed or be under construction by FY 88.

The Army is also developing facilities to support small caliber weapons training. These ranges are designed, for the most part, to promote individual rifle marksmanship for AC and RC units.

MULTIPURPOSE RANGE COMPLEXES

FY 86

Ft Hunter-Liggett, CA
Ft Campbell, KY
Ft Carson, CO
Yakima Firing Center, WA
Wildflecken, GE

FY 87

Ft Polk, LA
Gowen Field, ID

FY 88

Pohakuloa Training Area, HI
Ft Pickett, VA

FY 89

Schofield Bks, HI
Cp Grayling, MI

As an integral part of the total Army range modernization effort, there is a standard family of targetry developed to create threat infantry and armor scenarios for live-fire engagements.

MILITARY OPERATIONS ON URBANIZED TERRAIN

FY 87	Hohenfels, West Germany Ft Ord, CA Ft Drum, NY
FY 88	FT McClellan, AL
FY 89	Cp Casey, Korea

Since support of range modernization peaked in FY 84, there has been a steady deterioration in resources provided and an associated backlog of ranges. Six MOUT facilities were cut from the President's Budget for FY 86, which accounts in large part for the dip between FY 85 and FY 86. Although modest funding was achieved in FY 87 over FY 86 levels, the overall program remains under resourced.

Battlefield Training Simulations.

Efficient and dependable staffs are critical elements of combat power. Commanders and staffs must be afforded frequent and realistic opportunities to refine and validate plans and operating procedures, and gain insight into the art and science of warfighting. Battlefield training simulations provide a cost effective balance with traditional methods in training unit commanders and staffs. Significant gains have been realized recently and these improvements will mature markedly in FY 88.

ARMY RANGE PROJECTS
($ Millions)

FY 84	102
FY 85	76
FY 86	92
FY 87	60
FY 88	67
FY 89	35

First, in a family of standard computer driven simulations, Battalion and Brigade Simulation (BBS) began fielding last year. This simulation operates on standard computer hardware and frees the mobile Army Training Battle Simulation System (ARTBASS) to support the RC. The BBS system operates on a computer architecture that is compatible with all emerging Army simulations as well as U.S. Readiness Command's Joint Warfare Center and USAREUR's Warrior Preparation Center.

Fielding of the baseline version of Corps Battle Simulation (CBS) has been completed. This simulation also operates on the Army's standard computer hardware. It will be product improved in logical increments to support corps command post exercise requirements and AirLand Battle doctrine better. Further, actions are ongoing to modify the software to simulate components of deep operation. Following application of all upgrades, CBS will provide corps commanders and staffs the opportunity to practice warfighting procedures under very demanding conditions while using all the warfighting systems.

Current plans call for the development of a standard simulation for divisions. This simulation will operate on the same computer architecture that drives corps, brigade, and battalion battlefield simulations. Modification of the corps system appears to offer the best potential to meet the division command post requirement. Such an approach will train commanders at minimum cost, and will allow materiel developers to field a much needed training capability quickly.

Integrated Training Management System (ITMS)

A training management system responsive to the training and resource needs of units from battalions through Headquarters, Department of Army remains under development. The ITMS system is intended to replace labor intensive, time consuming forms of monitoring and reports relative to training resources with a state-of-the-art automated management process.

When finished, this system will run on standard computer systems and will satisfy all the information requirements of training managers. The management of training information in units will be standardized Armywide. ITMS will also interact with other standard management information systems and exchange data in an automated mode. Although ITMS will be used in units, soldiers arriving from the training base will be provided with an automated transcript for their gaining unit commanders and trainers that identifies their essential accomplishments. This transcript will be in a format compatible with the ITMS design. This system will also replace many existing management information systems such as the Training Ammunition Management Information System as well as nonstandard "home grown" systems that currently monitor training throughout the Army. The net result will be improved readiness and efficient use of resources.

Training Ammunition

Close attention has been directed at the management of training ammunition—generated in large measure by work tied to the Standards in Training Commission and a number of separate but related reports from the U.S. Army Audit Agency, General Accounting Office, and the Army Inspector General.

The ARNG Interlocking Training Strategy

The ARNG Interlocking Training Strategy was developed in FY 83 to improve inactive duty training opportunity and effectiveness, and consequently, readiness. This strategy provides a cross-walk from platoon level to battalion level training.

The basics will be taught in the garrison training areas under the guidance of the platoon leader building unit cohesion and esprit de corps. When the unit moves to the local training area, the company commander will maneuver his platoons, providing the flexibility to practice the tasks learned at the garrison training area. Annual training at the major training area will focus on the Army Test and Evaluation Program requirements, permitting the battalion commander to test his companies.

Regional Maintenance Training Sites (RMTS)

RMTS are being developed to provide individual maintenance transition and sustainment training. This will enable the Army to mobilize and deploy RC nondivisional maintenance units capable of supporting current and force modernization systems.

The ARNG is responsible for 12 RMTS locations. Two sites, Fort Bragg, North Carolina and Camp Shelby, Mississippi were established in FY 86 as the first operational RMTS.

TRADOC is providing sustainment programs of instruction and lesson plans and, at the same time, each RMTS is contacting the using units to explain starting dates, operations, and procedures. Field Artillery Current Maintenance Trainers, Abrams, BFVs, and Improved TOW Vehicle maintenance training devices are being procured for the first four ARNG sites.

Regional Training Sites-Medical (RTS-MED)

RTS-MED are being developed to provide medical units with transition training on modernized medical equipment such as Deployable Medical Systems (DEPMEDS), as well as sustainment training on current supplies. Additionally, each ARNG site will have a mission to provide emergency medical support to disaster areas. The ARNG sites will be located at Camp Shelby, Mississippi and Fort Indiantown Gap, Pennsylvania.

ARNG Reserve Component Tank Commanders Course (RCTCC)

The RCTCC is a tank gunnery course designed to provide the RC tank commander with the technical knowledge and practical skills to assist him in training his crew. This course accepts enlisted personnel and officers from both the RC and AC.

The RCTCC (M60A1) began in FY 82 and has graduated approximately 1,500 personnel from 39 states and territories. During FY 86 the M60A3 version was distributed with instruction to begin in January 1987.

The RCTCC, as preparatory training for the Armor School's Master Gunner Course, reduced ARNG attrition from 46 percent to less than 5 percent. The graduates of this course contribute to the increase in tank gunnery proficiency in the RC tank force.

Ground Liaison Team (GLT) Program

Army AirLand Battle doctrine emphasizes close coordination between air support and ground forces. Until the recent establishment of the GLT Program, this critical link has not been addressed within the RCs. The GLT Program, developed in cooperation with the Air Force Reserve and Air National Guard, enables air defense, military intelligence, or operations-qualified Individual Ready Reservists (IRR) to build and sustain proficiency in the tactical and technical skills involved in orchestrating mutually supporting air and ground functions. Under this program IRR officers and enlisted personnel are attached as teams to Air Force Reserve and Guard units. During FY 87 the program will expand to 112 officers and 224 enlisted positions in 61 Air Force Reserve and Guard units. The GLT successfully retains highly skilled officer and enlisted personnel by providing challenging and meaningful training clearly associated with mobilization requirements.

Division Attached Ready Reservist Training (DARRT)

Under this program, RC soldiers are attached to AC divisions and separate brigades for training in positions appropriate to their grades and specialties. A test program was conducted in FY 86, training approximately 600 officers. The test will be expanded in FY 87 to include enlisted personnel. Training is primarily conducted during peak training periods in a tactical field environment with the latest equipment. Participating units are located at Fort Hood, Texas, Fort Ord, California, Fort Lewis, Washington, and Fort Devens, Massachusetts. Additional units and locations are planned in FY 88.

Allied Support

Security Assistance (SA)

SA is an integral part of the Army's ability to deter or respond to threats to U.S. interests. The Army supports SA as a tool of national security policy to strengthen regional defenses. SA supports key friends and allies with nation building, self-defense resources, and advice while preserving advanced technology and Army combat readiness.

The major components of military SA are Foreign Military Sales, Foreign Military Sales Credit, Military Assistance Program, and International Military Education and Training (IMET). These components strengthen ties to allies and friends and provide economy of force measures allowing greater flexibility in stationing of U.S. Army forces. For these reasons, security assistance is important to U.S. military strategy.

As of the end of FY 86, there were approximately 6,300 open Army SA programs for equipment and services valued in excess of $43.2 billion, involving over 100 countries and international organizations (e.g., NATO, Organization of American States, etc.).

U.S. Army School of the Americas (USARSA)

USARSA is the TRADOC school with principal responsibility for training military students from Latin America. The primary objectives of USARSA are to conduct military education and training for Latin American military personnel in Spanish, to foster greater cooperation among the Armed Forces of the Americas, and to increase the level of understanding about the United States among Latin American military personnel.

The school is located at Fort Benning, Georgia. During FY 86, 1,211 students attended 22 different USARSA courses including Command and General Staff College, Combat Arms Advanced and Basic, Management, and country specific cadet courses. During FY 87, approximately 1,150 students will attend USARSA. Emphasis will be placed on instruction oriented on insurgencies, terrorism, and drug interdiction.

The annual USARSA budget is approximately $5 million. Direct course costs of $2 million are funded from student tuition. During FY 87, fixed costs, which include base operations and salaries, will be provided by specifically identified IMET funds (approximately $3 million annually).

Approximately $24 million Military Construction, Army (MCA) has been requested for FY 89 to carry out the construction needed to establish USARSA at Fort Benning permanently. Failure to obtain these funds would prevent USARSA from realizing its full training potential.

Mobilizing and Deploying

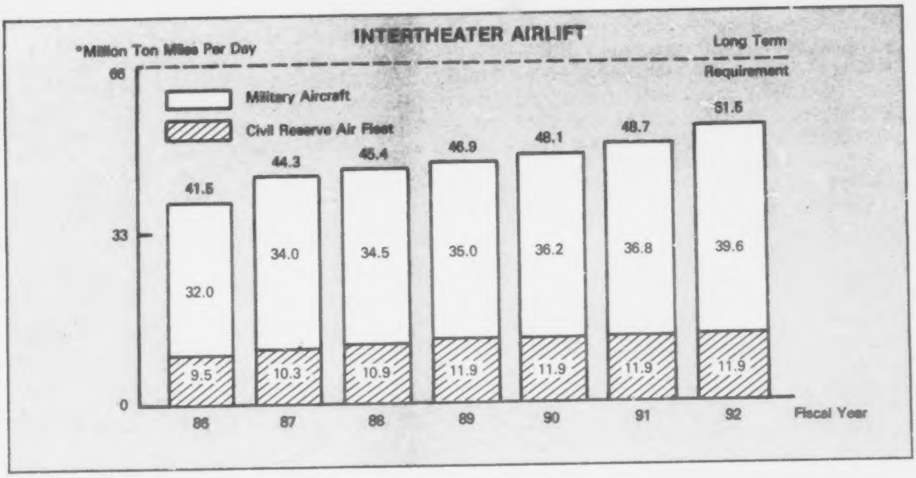
Mobilizing and Deploying the Army

The ability of the Army, in conjunction with the other services, to mobilize rapidly and deploy effectively is an important element of deterrence and is essential to successful warfighting. Meeting time sensitive force requirements and sustaining supply delivery requirements is at the heart of the Army's deployment mission. To meet this challenge, the Army must rely upon the Air Force and the Navy for strategic mobility.

Following the May 1985 Mobilization Functional Area Analysis, the Army developed a program to improve mobilization and deployment capability. Major initiatives included the development of models to project total force ammunition requirements upon mobilization, development of an IRR training strategy and a major effort to expand the capacity of the training base to meet the requirements of mobilization.

The Army's major mobilization planning effort for the past five years has been in support of requirements for full mobilization of the approved force structure. This effort has resulted in development of the Army Mobilization and Operations planning system.

While significant progress has been achieved in our force mobilization and deployment capability, our ability to mobilize the nation's industrial resources requires additional work. Achievement of strategy objectives in a sustained conventional conflict depends



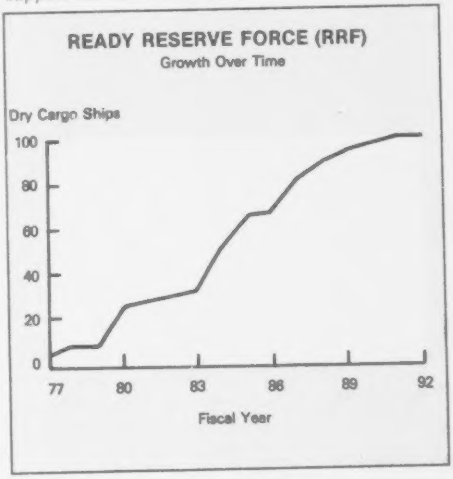
largely on the ability of our industrial base to make the transition from peace to war in a timely manner. The surge and mobilization capacity of the nation's producers and the industrial planning required to meet wartime requirements is still inadequate. A comprehensive listing of requirements necessary to sustain the current force and permit concurrent expansion to the planned force must be established. Industrial preparedness planning that identifies defense and non-defense producers capable of responding to these requirements must also be accomplished.

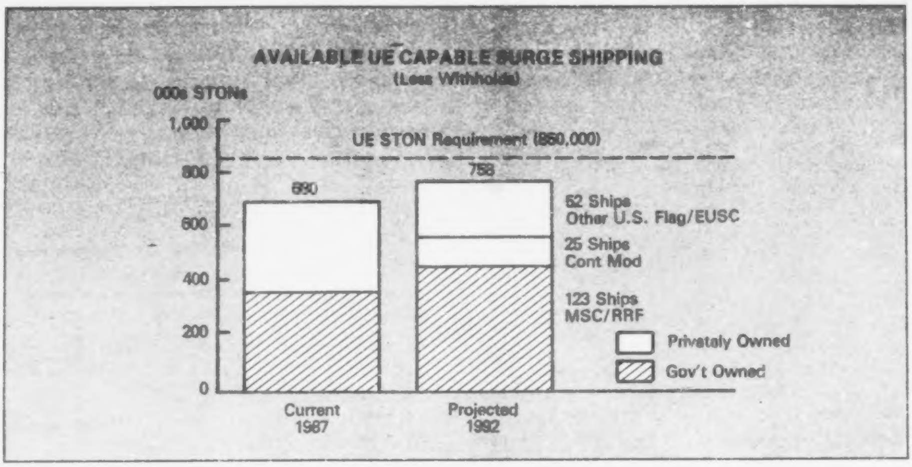
Great strides have been made in the Army's capability to mobilize and deploy the total force. However, there are many remaining challenges that require the attention not only of the Army, but of our sister services, other agencies of the government, and private industry if this nation is to be adequately prepared to meet the potential requirements of a future mobilization.

Strategic Mobility

Adequate strategic airlift and sealift resources are essential to deterrence and critical for force projection where and when required in support of the national strategy. Likewise, we continue to work with and fully support the Air Force and Navy in their efforts to improve the level and responsiveness of airlift and sealift forces.

Strategic airlift is most critical in the earliest days of a war or crisis. The chart above illustrates projected strategic airlift program capabilities through FY 92, expressed in millions of ton miles per day (MTM/D). The FY 92 program will result in approximately 51 MTM/D of capability against a recognized long term requirement of 66 MTM/D. The resulting shortfall of approximately 15 MTM/D will be significantly reduced by fielding of the C-17 Airlifter which is scheduled for initial operating capability in FY 92. Our full support for the C-17 program cannot be overstated. In addition to reducing the overall strategic airlift shortfall, this versatile aircraft will provide essential, outsize airlift capability, reduce the intratheater airlift shortfall, provide a needed replacement for the C-141, and augment the C-130 fleet. Continued congressional support for this critical program is essential.





Strategic sealift is most critical for major force deployment and sustaining resupply. The chart above reflects the current and FY 92 projected availability of unit equipment capable of surge shipping. Approximately half of this capability will be provided by government-owned ships such as those in the Ready Reserve Force (RRF) which have been or will be procured by the Navy, and are maintained in a 5, 10 or 20-day activation status. Additional capability will be provided through the Navy containership modification program which will procure adapters, flatracks, and sea sheds to convert approximately 25 containerships to a unit equipment capable configuration. The balance of unit equipment capable shipping will be provided by ships in the Military Sealift Command active fleet and approximately 50 merchant ships.

Total growth in government controlled sealift since 1980 has been nearly 300 percent and, by the end of the program, will be nearly 700 percent. The RRF expansion depicted in the chart is a direct and necessary reaction to the continuing decline of the U.S. Merchant Fleet. Though necessary, this large level of government controlled shipping is a poor substitute for a vibrant and responsive merchant fleet. Concerns, beyond acquisition, lay-up, maintenance, and activation costs, are the availability of crews and adequacy of the U.S. shipyard industrial base to support RRF breakout. Unless the decline of the U.S. Merchant Fleet is halted or reversed, or new ideas (such as the surface effect ship) are developed and exploited, our sealift capability will continue to decline. We believe the decline of the U.S. Merchant Fleet to be a national security issue which requires a national policy solution.

The Army continues to place considerable emphasis on programs that improve the efficiency of scarce strategic lift assets and that complement the programs of our sister services. Working under the auspices of an Army-Navy Memorandum of Agreement on Joint Strategic Mobility Program Development and Coordination, the Army has programmed discharge capability to match the Navy's sealift delivery profile and satisfy minimum Logistics-Over-The-Shore requirements. Some significant events that have occurred in the past year include contract awards for 25 utility landing craft, (with options for 15 more) and for 4 new logistics support vessels. Necessary funds have also been transferred to the Navy for procurement of Roll-on/Roll-Off discharge platforms and floating causeways. Funds have also been programmed to continue the minimum required purchased of new organic tugboats begun in FY 87 budget and to continue development of a heavy lift amphibian.

Continued support for strategic mobility programs is essential if we are to maintain and improve our ability to meet global deployment and sustainment commitments in a timely manner.

Prepositioned Materiel Configured to Unit Sets (POMCUS)

POMCUS is organizational equipment stored in company and battalion size packages, in a ready-for-use condition. The purpose of POMCUS is to position the majority of a unit's organizational equipment forward, so that in time of crisis only unit personnel, with minimum equipment, will require airlift to meet the requirements of a NATO contingency. During Reforger 86, 3,411 vehicles, 2,517 wheeled and 894 tracked, plus 1,632 trailers, were drawn from POMCUS. Less than 1 percent of the vehicles were deadlined when drawn. This high number of operational vehicles is evidence of the efficiency of the POMCUS program.

Distribution of Bulk Petroleum

Distribution of bulk petroleum is one of the critical elements of readiness and sustainability. The Army has the responsibility for petroleum distribution to all services in both a developed and undeveloped theater. The Army's mission is to maintain a flow of bulk fuels from a combination of off-shore/pier-side tanker discharge systems through a network of on-shore storage and distribution systems.

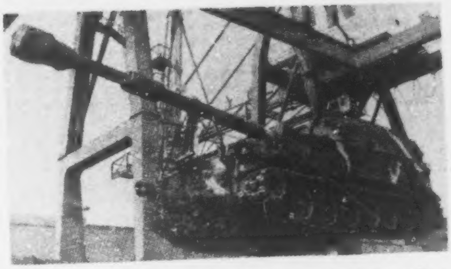
Under a Memorandum of Agreement signed by the Army's Deputy Chief of Staff for Logistics and the Deputy Chief of Staff of Naval Operations (Logistics) a full systems demonstration of a ship-to-shore undersea pipeline and a commercially available single anchor leg mooring system was successfully completed. The Army requested funds for acquisition of this system in the FY 87 budget.

Individual Mobilization Augmentee (IMA) Training

The IMA program preassigns individual reservists to positions required upon mobilization in Active Army units, Department of the Army or DOD staffs. IMA program members train for two weeks annually with their units or staff agencies. Historically, this annual training has been complemented by periods of active duty for training or schooling, funding permitting, or inactive duty training for participation points only. Recently several agencies and headquarters have established test requirements that allow IMA reservists to "drill" up to 24 times a year in their assignments in addition to their annual training. Current plans call for extending these drills to 10 percent of the IMA program in FY 88 and to 20 percent by FY 92. Implementation of the drilling IMA concept will provide additional professional development opportunities within the Selected Reserve, improve Total Army mobilization readiness, and enhance Army Reserve personnel retention efforts.

Mobilization Preparedness

Mobilization preparedness is the major objective of the ARNG. Training and evaluation of the level of mobilization preparedness are essential for improving the Unit/State Area Command capability to execute mobilization and deployment responsibilities. The Mobilization Exercise Program is designed to increase awareness of mobilization responsibilities and enhance ARNG units' ability to mobilize and deploy. The exercises provide a basis to test plans and procedures for mobilization in support of contingency plans, existing operations plans, and national crisis situations.



M109 Self Propelled 155mm Artillery from the 32d Infantry Division (Mechanized), Wisconsin National Guard being loaded on the USNS Antares for shipment to Europe winter Reforger exercises

The mobilization exercise programs grew from a handful of exercises in FY 81 to over 700 conducted during FY 86; approximately 900 are scheduled for FY 87. The budget has grown from $4.7 million in FY 81 to $10.3 million for FY 87. This growth was made possible through the efforts of the states maintaining credible and imaginative mobilization exercise programs.

Installation Outloading Capability Upgrade

The ability to outload and receive cargo at Army CONUS installations is critical to mobilization and strategic deployability. A major new program was initiated in FY 87 to upgrade origin outloading capabilities to ensure they are not a limiting factor in meeting deployment and mobilization movement requirements. Surveys of the condition of facilities at

Tank overhaul at a depot maintenance facility.

54 CONUS mobilization stations, documentation of wartime requirements, and a management system developed by Forces Command (FORSCOM) are being used to prioritize individual upgrade projects to maximize the return on invested funds. The Army considers this to be an area of opportunity to improve the productivity of scarce strategic lift resources. The overriding intent is to ensure Army units can load and move out in time to meet airlift and sealift as it becomes available for deployment. Types of projects in this program include construction of, or repair to loading docks, hardstands and lighting facilities; and upgrade of installation rail track and related facilities.

Joint Deployment System (JDS)

The JDS is specifically designed to support coordinated, time sensitive deployment planning and execution. It was developed in response to critical deficiencies identified in major mobilization exercises since 1978 that focused on the need for centralized deployment management. JDS provides senior decision makers at the National Command Authority, JCS, CINCs and services with a single source for deployment management information during crisis. The JCS has directed its use for both training exercises and real world contingencies. This marked the transition from prototype to an operational system, concluded a four-year developmental effort, and met a DOD directive to accelerate full operational capability from FY 87 to FY 88. Command post exercise Port Call 86 was the first operational test of this system.

Sustainment

To keep pace with the Army's combat force modernization, sustainment capabilities have improved through innovative approaches to doctrinal concepts, unit designs, enhanced equipment, and emphasis on war reserve stockage levels. Efficiencies are being realized through development and implementation of new doctrinal concepts for sustainment. Units are being fielded that leverage technology to maximize equipment utilization and increase productivity. Logistics productivity equipment such as enhanced cranes, forklifts, and tactical wheeled vehicles also improves the ability to sustain the ground force. During the next five years, the Army will also continue its progress toward achieving 70 percent of the munitions war reserve objective and 70 percent of the secondary items objective during the next five years. These efforts provide the Army greater sustainment capability on the AirLand battlefield.

War Reserve Stocks

War reserve stocks are established in strategic locations worldwide to provide an immediate supply of ammunition, weapons, fuel, and secondary items during the initial days of combat for wartime consumption until the supply pipeline can be filled from CONUS depots and manufacturers.

War reserve requirements have increased in recent years due to force modernization and changes in the force structure. A mixed fleet of older and new equipment requires additional war reserve stocks to sustain total force requirements. Although there has been steady improvement in the war reserve posture during the last several years, funding constraints, coupled with changing force requirements, have prevented the Army from meeting its war reserve goals.

Depot Maintenance Program

The Depot Maintenance Program provides support in the form of materiel maintenance and maintenance support activities to sustain approved weapon system requirements and to assure the operational readiness of combat forces. Materiel maintenance consists of the modification or conversion of existing materiel to increase combat effectiveness; safety, reliability and/or maintainability; and the overhaul, repair and renovation of unserviceable (but repairable) materiel for issue to troops in the field. Maintenance support activities provide support in the form of new equipment training, maintenance engineering services, sample data collection, and publications to the total Army maintenance program, including wholesale and retail intermediate maintenance levels.

Depot maintenance requirements continue to grow as fielded systems increase, thus increasing the number of secondary items being overhauled. Additionally, previously fielded force modernization end items now require overhaul for retention in the Active Army or transfer to the RC.

Initiatives to sustain the growing and complex equipment inventory include use of contractor maintenance of aircraft in Europe, the increased reliance on contractor support for the Army's fixed wing fleet, and its new communications system, the Mobile Subscriber Equipment.

In FY 88, materiel maintenance is funded at 79 percent of requirements. At this funding level, the Army's lower Operational Tempo (OPTEMPO) and Flying Hour programs are supported, the modification and/or conversion programs are nearly fully supported, and the overhaul and repair programs are adequately supported. This program needs consistent support from Congress. A lower funding level will adversely affect readiness.

Combat Field Feeding System (CFFS)

CFFS was implemented to maintain high standards for feeding soldiers in the field while allowing a reduction in the number of cooks to support increases in divisional combat strength. The field feeding standard is two hot meals (tray pack) and one Meal, Ready-to-Eat, daily. The tray pack is a sealed, tray-shaped can containing an entree, starch, vegetable, or dessert which is heated by submersion in boiling water. During peacetime training, tray-pack meals will be supplemented with A and B ration components. Cook savings under CFFS are 3,447 personnel from the Active Army. The reduction in cooks requires that some garrison dining facilities be converted to contract operations and others start augmenting military cooks with direct-hire civilian cooks. Implementation of divisional CFFS started in 1985 and will be completed by the end of FY 88.

Clothing and Equipping the Force

The initiative to modernize Organizational Clothing and Individual Equipment is a continuous effort integrated with activations of the new light divisions. In order to lighten the load and enhance the safety of the individual soldier, the Army is making every effort to resource the Total Army force clothing needs. New items being introduced include a significantly improved helmet, fire resistant garments for combat vehicle crewmen, clothing for extended exposure to cold weather, a redesigned pack with internal frame and a load bearing vest. This equipment will provide weather resistance, camouflage, and increased ballistic protection. Continued support is necessary to help improve the readiness, survivability, sustainability, and combat effectiveness of the individual soldier on the battlefield.

Reichel Logistics Facility

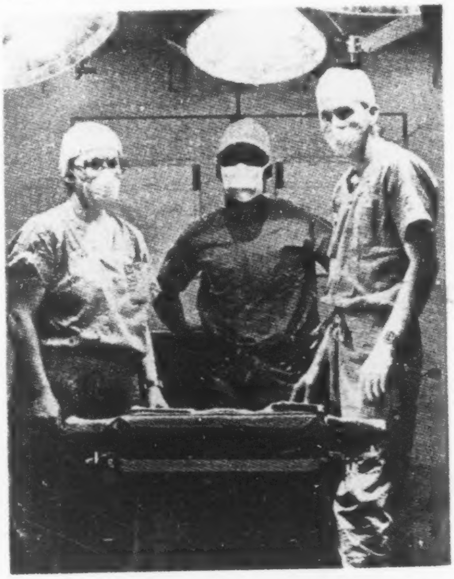
In the late 1970s, analysis of the evolving threat to Europe's Central Region concluded that the Northern Army Group (NORTHAG) would be defending against the most probable main attack of Warsaw Pact forces. As a result, the United States agreed to reinforce in an area well to the north, outside the traditional U.S. area of operations (CENTAG). Concurrently, a national commitment was made to develop the ability to reinforce NATO with ten divisions within ten days of NATO's M-day. The Reichel facility is ideally located and suited to provide a essential logistical support coordination center necessary to meet national reinforcement objectives in the NORTHAG area.

Congress has appropriated funds to transport and preposition war materiel in the NORTHAG area. Congress authorized purchase of the Reichel facility during the FY 85 budget process. Purchase of the Reichel facility permits its full use and significantly contributes to the process of developing war planning and support capability which is urgently needed in this area. The Reichel facility also serves as a community support base for approximately 5,000 military and family member personnel in and around the Rheinberg community area. Present community facilities are inadequate and our personnel are experiencing substantial hardships. This project remains among USAREUR's top priorities for MCA funding.

Medical Readiness

Medical readiness is a measurement of the Army's ability to provide wartime medical support. It has been limited by a shortage of medical equipment and professional medical personnel needed to support wartime medical requirements.

Under the Deployable Medical System (DEPMEDS) configuration, 68 of 156 hospital unit sets were funded for acquisition through FY 86: 11 sets in FY 84; 27 sets in FY 85; and 30 sets in FY 86—following a congressional plus-up. Initial fielding is projected to begin 3d Quarter FY 87.



The 32d Combat Support Hospital has set up a field hospital to provide medical care to troops participating in Reforger exercise in West Germany.

Progress has been made in implementing new programs designed to alleviate the shortage of professional personnel. Recruiting force enhancements and new recruiting incentive programs are designed to attract and retain necessary professional medical personnel in both the AC and RC. Although personnel support would be adequate to provide health care to deployed forces, a shortage of surgically related specialists (physicians and nurses) would exist in the support of the CONUS medical base.

The CONUS Army medical support base has shortages in facilities and materiel to provide medical sustainment to committed forces. In the aggregate, the Army has sufficient capability to handle CONUS generated patients as well as Theater evacuees for a short period of time of mobilization. However, inadequacies exist in health care support at semi-active and state operated installations which require either early mobilizing, late deploying medical units or other health care means to provide base support medical care to the mobilizing population at these sites. These shortfalls dictate a great reliance upon the Veterans Administration and the National Disaster Medical System for the care of evacuees from overseas.

Human Immunodeficiency Virus (HIV) Testing and Treatment

HIV infection was recognized as a problem of military importance for the following reasons: its rapidly increasing prevalence indicated that a growing number of military applicants would have an early, asymptomatic infection; as a sexually transmitted disease, the highly sexually active, young military population would become a high risk group as the prevalence among non-homosexuals increased; infected individuals were at risk for serious complications from the immunizations required at entry on active duty for overseas deployment; exposure to exotic infectious organisms in deployment sites overseas posed a risk of serious or fatal complications in immunocompromised personnel; infected individuals could transmit the virus if used as emergency blood donors under battlefield conditions. Furthermore, it is apparent that few if any infected personnel could be expected to survive a full military career and the costs of providing health care and retirement benefits would be an unacceptable burden on the military budget.

After the virus causing AIDS was identified, tests were developed to detect antibodies to the virus, allowing both antibody screening of blood donors and identification of asymptomatic infected personnel. Beginning in July 1985 DOD directed that all blood used in the military blood program would be screened to prevent spread of the infection to blood recipients. In recognition of the military relevance of HIV, serological screening of all military applicants was mandated in August 1985 and testing of the total force, to include RC personnel, was established as DOD policy in October 1985.

> ***"Tomorrow is never the time to start your preparation. The safety of this Nation in the atomic age cannot be built on good intentions and the decisions to prepare when the time comes."***
>
> ***—General Dwight Eisenhower***

Chapter 3

STEWARDSHIP

Prudence and efficiency are the foundation of Army stewardship. This issue is key in the eyes of the American public. Our credibility, and their trust and confidence is at stake; therefore, we must use our resources in an efficient manner. Programs for quality of life, personnel management, investment, acquisition, efficiency, real property, and safety are among the major elements in our strategy to assure resources are not wasted. The Army safety program protects our soldiers and also protects our equipment.

Quality of Life for Soldiers and Families

Quality of Life (QOL) encompasses many Army programs that contribute to sustaining personnel readiness. The Army's most important resource is soldiers. We recognize the need for their satisfaction with the Army, and the related importance of their family needs. We are committed to a philosophy of ensuring quality support for soldiers and families that promote a sense of community, and strengthen the mutual bonds between the Army and its soldiers' families. The Army Family Action Plan (AFAP) is the principal mechanism for this.

Emphasis is placed on sharing of resources among installation organizations by centralizing facilities and cross-leveling resources. The net result is efficient use of limited assets and greater benefits to soldiers and their families. The following examples illustrate some of the efforts undertaken by the Army, with congressional support, to enhance QOL.

Child Development Services

Child development services provides child care facilities designed to reduce the conflict between parental responsibilities and unit mission requirements. In FY 85, over 124,000 children were served at 172 Army locations worldwide; however, demand for services remains high and most installations have waiting lists. Facility upgrade is an ongoing process with 80 percent of existing facilities currently meeting (minimum) standards, vice 1 percent in 1982. Additionally, there has been a 20 percent increase in available child care space in consolidated operations. Forty-nine new child development centers have been funded and are either completed or under construction. Resources have been programmed through FY 92 to support construction requirements for additional child development services.

During FY 85, 4,800 Family Child Care (FCC) homes provided care for more than 24,000 children. This reflects a 43 percent increase in the number of homes and a 55 percent increase in the number of children over FY 84. Beginning in FY 86, resources were programmed to establish or expand FCC operations. Funds for continued expansion are programmed through FY 91. FCC homes support parents who require routine evening care, work unusual or long hours, or have mission-related child care needs up to or in excess of 24 hours.

The high cost and limited availability of liability insurance for in-home child care providers created a demand that the Army obtain coverage for FCC providers. In October 1985, FCC providers were extended coverage under the U.S. Army Non-Appropriated Fund (NAF) Risk Insurance Management Program. Insurance coverage only applies to child care services on military installations or in government leased housing.

Army Community Service (ACS) Program

ACS is the primary resource for family support on Army installations. ACS offers programs for financial planning and assistance, exceptional family members, family member employment assistance, and outreach services designed to improve QOL. FY 88-89 funding initiatives standardize ACS programs and improve the quality of services Armywide. Funding initiatives in FY 87 provided some fiscal resources; however, major obstacles existed due to lack of authorized spaces and to contracting constraints.

The Family Member Employment Assistance Program supports family members seeking employment. Employment information centers have been established at over 65 Army locations. Congress has authorized DOD and the Army to give hiring preference to spouses of members of the Armed Forces.

Army Youth Activities Program (YA)

The YA program officially became an element of the Morale, Welfare, and Recreation programs in March 1986. The 1985 Army Family Action Plan Symposium identified the need for YA to expand beyond its recreational, leisure time, social, and sports programming to support the changing social and economic need of youth in a more complex world. The FY 88-89 Youth Development Program was developed to support these social and economic needs.

Family Fitness Program

The family fitness program is a comprehensive system of activities and services designed to support the total Army community. The main thrust is promoting an improved lifestyle through classes or courses of instruction such as stress management, substance abuse and misuse, tobacco cessation, exercise, nutrition, weight control, accident prevention, recreation, and health care.

Family fitness programs will involve the entire Army community to include DOD dependent schools, community recreation activities, community services, commissary, Army-Air Force exchanges, clubs, dining facilities, chapels, Red Cross, YMCA-YWCA, musical support, and family support services.

A specific example of this type of program is the nutrition initiatives in dining facilities. All Army agencies encourage healthful eating habits for soldiers and families to improve fitness, combat readiness, disease prevention, and quality of life. A heightened awareness that nutrition is an essential component to fitness began in 1982 during the Army's year of fitness. In keeping with the Surgeon General's objectives for a healthful diet, nutrition initiatives are coordinated by agency representatives on the Army Nutrition Planning Committee.

DA Health Promotion Program

In June 1986, the Army instituted a comprehensive, coordinated health promotion program. Its goal is to enhance unit readiness by maximizing human potential. This effort integrates the many ongoing actions with planned initiatives in each of the six major activities which comprise the overall Health Promotion Program.

These are:

☐ Tobacco cessation and prevention
☐ Physical fitness
☐ Nutrition
☐ Alcohol and drug abuse prevention and control
☐ Stress management
☐ Early identification of hypertension

Some of these health related activities, such as physical fitness training, and alcohol and drug abuse prevention, have been in operation for many years. Others, such as our recent efforts at tobacco cessation are just beginning. The intent of the overall program is to recognize that all of these major activities work hand in hand to create a fitter, healthier, more combat ready total force. The target population of the program includes soldiers, civilian employees, retirees, and family members. This program recognizes that people are the Army's most important resource. It causes commanders and supervisors at all levels to employ every means available to maximize these human resources by encouraging and assisting all personnel to use their full potential. A comprehensive, viable health promotion program that improves and protects the health and fitness of the Total Army is an effective means to preserve this important resource.

Substance Abuse

Army alcohol and drug programs are designed to eliminate substance abuse and increase overall fitness and readiness. Alcohol and drug abuse in the Army has been on a steady decline since 1982. Progress in these areas is attributed to command involvement, more sophisticated detection methods, and policies which reinforce the Army's intolerance of substance abuse. Two major initiatives have earmarked the Army's drug abuse efforts. In 1981, mass urinalysis testing was begun and in 1983, mandated separation policies were initiated for first time drug abusers in grades E-5 and above and second time abusers in grades E-4 and below. First term soldiers are the primary drug offenders with marijuana remaining the primary illegal drug of choice. Survey data indicates that admitted use of marijuana is at the lowest level since the Army began tracking this data.

Army studies indicate that alcohol abuse is more prevalent than drug abuse and potentially more detrimental to Army readiness. The Army is making some progress against alcohol abuse. This progress is attributed to the initiation of alcohol deglamorization policies instituted in 1982; the establishment of a stringent .05 percent blood/alcohol content work impairment standard; driving while intoxicated sanctions in 1983; and the Secretary of the Army/Chief of Staff, Army Alcohol Policy letter issued in 1985. Army surveys show soldiers support these efforts to reduce alcohol abuse and that heavy drinking has leveled off, while moderate drinking is decreasing.

The Army offers effective rehabilitation programs for soldiers with substance abuse problems who have the potential for future service. The Alcohol and Drug Abuse Rehabilitation Program consistently returns to duty over 70 percent of the clients treated each year.

The Federal government has steadily increased efforts to stop drug traffic into the United States. The Total Army has assisted civilian law enforcement officials in this effort. The Secretary of the Army has approved loans of aircraft to the U.S. Customs Services and other agencies, for both long and short terms. Installation commanders have assisted in routine training of civil officials and shared intelligence collected information incidental to military training. Army personnel have participated in large-scale drug law enforcement operations through the use of air traffic control radar units, satellite communications teams, and rotary-wing aviation units. This support enhanced law enforcement operations and contributed to the interdiction of large quantities of cocaine and marijuana from source countries.

The Anti-tobacco Use Program was developed to improve the health and readiness of the Total Army through the elimination of all forms of tobacco usage. There were several successes during 1986; specifically, health care providers are now required to advise all patients of the risks of smoking. TRADOC has banned the use of tobacco products in basic training and severely restricted its use in other courses. An outstanding poster series is now in the field and the policy to restrict smoking in the work place has been fully implemented. Cigarette sales are down 8 percent as the Army continues to deglamorize use of tobacco products. In November, the Army celebrated its first Great Army Smokeout. Commanders and supervisors at all levels are involved and have reported that the program is going extremely well. The Army policy, "Controlling Smoking" recognizes the rights of both smokers and nonsmokers by requiring commanders and supervisors to provide for a healthy environment for all personnel.

The Deposit Waiver Program

The deposit waiver program recognizes the financial burden of relocation for our young soldiers. Many installation commanders have pursued, in conjunction with the local community, agreements to waive or reduce security and rental deposits for our soldiers. Thirty of our installations have utility deposit waiver programs and seven have successfully engineered similar waivers with local landlords. Our estimates show a cost outlay avoidance for our soldiers of over $5 million.

Army Commissaries

Commissaries sell items at the lowest practicable price in a facility designed and operated similar to standards used in commercial supermarkets. They provide an essential non-cash benefit which is considered by soldiers and families to be a promised condition of employment. Commissaries are considered an entitlement for soldiers recruited under the present voluntary recruitment program. They play a key role in maintaining morale and ensuring a high quality of life for the Army family.

Commissaries provide an essential non-cash benefit. They play a key role in maintaining morale and ensure a high quality of life for the Army family.

Personnel Management

Total Army Personnel Model (TAPM)

The TAPM is a conceptual framework for developing programs, policies, and procedures to use all Army personnel in preparing for war, and during peacetime. The programs developed within TAPM cover the complete Army life cycle. They include accessing, training, sustaining, and transitioning all military and civilian personnel into and between the AC and RC. This approach represents a major departure from past practices. We now emphasize the importance of maintaining a positive relationship long after a soldier's service to country. This lifetime relationship has the potential to become the greatest Alumni Association in the United States.

Enlisted Force Alignment Plan I (EFAP I)

EFAP I is a personnel management tool designed to synchronize and integrate the personnel force structure by recruiting soldiers into the Army in the right skills at the right time; promoting them; reclassifying them from overstrength Military Occupational Specialties (MOS) to vacant slots where MOS shortages exist; and reenlisting them to ensure the Army's needs are met.

Commissioned Officer Force Alignment Plan III (COFAP III)

COFAP III is a personnel strength management tool designed to align officer year groups by grade and branch, and to comply with the Defense Officer Personnel Management Act (DOPMA). Phase I, which began in FY 85, targets the AC; Phase II, FY 89-90 focuses on the USAR; and Phase III FY 91-93 integrates the ARNG. The net result will be a better match of trained personnel to authorizations by grade and branch.

Total Warrant Officer System (TWOS)

The TWOS was chartered by the Chief of Staff, Army (CSA) to define current and future roles for warrant officers (WO). In June 1985, the CSA approved a new WO definition and made changes in WO management. The new WO definition established WO appointment criteria and stresses WO responsibilities as trainers and leaders.

On March 20, 1986, the Deputy Chief of Staff for Personnel approved the TWOS implementation plan which will be used to transition WO management to the TWOS. The new system will be on line by mid-1988. WO appointment and professional development will be established under the TWOS requirements based system.

The Professional Development of Officers Study (PDOS)

In May 1984, the CSA recommended that 116 policies be implemented to improve the technical and cognitive skills of officers from precommissioning to general. The policy recommendations were approved in May 1985. Implications centered around developing technical skills and cognitive skills through expanding educational opportunities. A command core of warfighting skills are taught, commensurate with grade and built on previous instruction. The PDOS system develops officers who understand the fundamental principles of being an officer, and who can effectively operate at their grade/level.

Sure-Pay

The Army standard pay method requires all soldiers entering active duty after October 1, 1985 to be paid by the Direct Deposit/Electronic Fund Transfer, or the Sure-Pay, method. Soldiers on active duty prior to October 1, 1985 will continue to have the option of choosing either check to unit, check to local address, or Sure-Pay.

Sure-Pay increases readiness by allowing soldiers to deploy on a moment's notice and still have access to their funds through their checkbooks. Sure-Pay eliminates the need to close and then reopen accounts on a permanent change of station and allows soldiers to establish a lasting relationship with a bank of their choice. Families also have access to funds when the soldier is deployed through joint checking accounts, thus ensuring that they are provided for.

RC Benefits Legislation

The Armed Forces Reserve Health Care Benefits Act provides health care, compensation, disability, survivor, and death benefits to members of the RCs who are temporarily or permanently disabled or die during training-related activities. This legislation will also improve soldier and unit readiness by providing legal protection for soldiers who are engaged in physical training, the 40-and-over cardiovascular screening program, or other training activities.

Military Retirement Reforms

The Military Retirement Reform Act of 1986 affects all uniformed services members who enlist on or after August 1, 1986.

Retirement benefits are more important to second, third, and fourth term soldiers considering reenlistment than to new entrants. Adverse impacts of the act are therefore expected to appear gradually as soldiers entering the service under the new system advance in longevity. The retirement system of the RCs is not affected, and will be studied by the Sixth Quadrennial Review of Military Compensation.

Civilian Personnel Modernization Project

Based on a Department of the Army Inspector General inspection assessing the overall effectiveness of U.S. Army civilian personnel management policies, the CSA directed a Steering Group and Action Group be established to oversee and determine necessary changes required for effective personnel management and to develop strategies for their implementation. The one-year civilian personnel modernization project is focused on military leadership of the civilian component of the Army team; reducing Army-generated complexity; increasing authority and responsibility of managers; and developing a strategy to achieve external changes to procedures, rules, regulations, and laws.

Army Equal Opportunity (EO) Program

Treating all soldiers with fairness, justice, and equity is a responsibility of leadership and a function of command. Indicators show that Army EO efforts are effective. Minority representation in the officer ranks is at the highest level ever. The numbers of female soldiers, officer and enlisted, are also at an all-time high. Soldier opinion surveys continue to show improving attitudes toward the Army, reflecting overall positive trends in this important area.

Army Civilian Training, Education, and Development System (ACTEDS)

The objectives of ACTEDS are to provide systematic training and development of Army civilian employees from intern through Senior Executive Service; develop an awareness of the broader scope of Army mission requirements; and systematically provide minimum essential technical enhancement and managerial development required of future civilian leaders.

Army Management Staff College (AMSC) is designed to train Army civilians and military officers in functional relationships, philosophies, and systems used in the sustaining base. The school will provide training courses in such key areas as military forces and doctrine, strategic studies; leadership; and management systems and methods. The proposed course will train approximately 600 students annually in two 19-week sessions. The target populations are GS/GM 12-14 managers, Army majors and lieutenant colonels.

The number of the women in the Army has increased dramatically in the last two decades.

Investment, Acquisition and Efficiency Improvements

Value Engineering (VE) Programs

VE programs enhance productivity by eliminating unnecessary functions that contribute to costs of weapon systems, equipment, or processes, but not to performance. It takes advantage of state-of-the-art technology to produce cost savings for the Army.

VE Incentive clauses are included in all contracts of $100,000 or more and contractors are encouraged to submit resource conserving Value Engineering Change Proposals (VECP) to reduce contract costs. The contractor's incentive is that he shares up to 50 percent of the net savings resulting from accepted and implemented VECPs. In FY 85, $17 million in three-year net savings were attained as a result of contractor submitted and Army accepted VECPs.

Capital Investment Programs

Capital investment programs enhance productivity by saving manpower, reducing costs, and improving readiness. The programs historically have returned $17 for every $1 invested.

These programs began in 1974 when the Army recognized that new and improved capital equipment contributed between 40 and 60 percent of the productivity increases in the private sector. The Army started the Quick Return on Investment Program to expedite the acquisition of selected equipment. From 1974 to 1987 the program has grown from $3 million to $30 million. In addition, the Army expanded this program with Productivity Enhancing Capital Investment programs, investing approximately $20 million per year.

Army commanders aggressively use these programs to increase their resource utilization. The programs provide money for fast payback tools, equipment, and facilities that save manpower, reduce costs, increase productivity, and improve readiness. Examples of equipment are weaponeer training simulators that enhance marksmanship feedback and save live ammunition; asphalt reclaimers that repair roads destroyed by heavy equipment during training exercises; airport surveillance equipment; and other labor saving equipment that enables soldiers to perform their missions better.

Manpower and Personnel Integration (MANPRINT)

Increased capability achieved with advanced technology has often been accomplished through a system design process based on the unstated premise that sufficient numbers of skilled soldiers would always be available to operate, support, and maintain the system. The focus of MANPRINT is on human performance and reliability as an integral part of system design—specifically in the areas of human factors engineering, manpower, personnel, training, health hazard assessments, and system safety.

MANPRINT requirements are imperative in contractual documents. Contracts are closely monitored to verify compliance with these requirements. Source selection evaluation boards include MANPRINT as a priority evaluation area. MANPRINT is playing a major part in current Army acquisition programs, such as the Light Helicopter Experimental and the Armored Family of Vehicles. Army decision makers expect clear and convincing evidence from both the contractual effort and test and evaluation to demonstrate that human performance and reliability requirements are achieved and make their proper contribution to total system performance.

Research, Department Explosive and High Melt Explosive (RDX/HMX)

The Army's master plan for RDX/HMX provides for the modernization and expansion of the Holston Army Ammunition Plant, establishment of additional RDX and HMX facilities, and for the stockpile of RDX and HMX explosives. This plan was developed in response to an Army study on insensitive high explosives, which highlighted shortfalls in the ability to manufacture explosives during emergency and mobilization conditions. The FY 88-89 budget will continue Holston modernization and HMX design.

Management Improvement Initiatives

The Army is using three approaches to improve the management of the acquisition process:

☐ Acquisition Streamlining. In 1985, the Army appointed a Materiel Command level advocate for streamlining, and selected four systems for application: Family of Medium Tactical Vehicles, Tactical Missile System, Light Helicopter Family, and the Advanced Antitank Weapon Systems.

☐ Tailoring and Acquisition Cycle. The Army recently revised its acquisition policies. This Army Streamlined Acquisition Process (ASAP) is sanctioned for low risk development, and other appropriate programs. Once designated as an ASAP, the program can proceed without further approval of specific deviations from a traditional process.

☐ Packard Commission. Action to implement the President's directive concerning the Packard Commission's recommendations is underway.

Industrial Preparedness Program

This program provides funds to prepare the industrial base to deliver materiel (tanks, ammunition, aircraft, etc.) in peacetime, emergency (surge), and mobilization situations. These funds are provided to both government-owned and contractor-owned production facilities.

The Army has implemented a program to improve surge capacity of a critical warfighting system, the TOW 2 missile. TOW 2 components have been purchased and stockpiled. This is a phased program that, when completed, will allow the total surge production of TOW 2 missiles to accelerate from 1,000 a month to 2,500 a month in six months. The FY 88-89 budget also includes a surge project for the MLRS rocket.

Multiyear Procurement

With the expanded use of multiyear procurements by Congress in FY 82, the Army has consistently sought to award multiyear procurement contracts when it made good sense to do so. Cost avoidance since FY 82 is estimated at excess of $2 billion. Last year, the following multiyear procurement contracts were awarded: T700 Series engine, M1 tank components (chassis, engine and fire control components), and Bushmaster 25mm gun. Multiyear procurements for Patriot, Stinger, and the Black Hawk airframe received congressional approval in FY 87. The High Mobility Multipurpose Wheeled Vehicle, TOW missiles, AN/ALQ 136 Radar Jammer, and CH47-D modernization have been identified as a multiyear procurement candidate in the FY 88-89 budget.

Multiyear procurement contracts add stability to programs; however, to maintain a balanced force and accommodate fiscal reductions imposed by law and other directives, it may be necessary to forego some of the savings being realized in multiyear procurement contracts.

Competition Advocacy Program

The Army's competition advocacy program was implemented April 1, 1985. To assist in achieving success in full and open competition, the Army appointed 240 competition advocates, each with the same charge: push for competition in the acquisition process. Through the efforts of these competition advocates and the total acquisition community, the Army is now realizing some of the benefits of the program with a competition rate of over 50 percent of all dollars used for procurement. The Army's FY 86 competition performance rate of 53.1 percent exceeds the FY 86 competition goal of 50 percent and represents an increase of over six percentage points over FY 85 performance. Additionally, the Army anticipates competing over two million procurement actions in FY 86. Over 82 percent of all FY 86 procurement actions were a result of full and open competition. The Army's policy is to maximize competition for new starts, breakout major subassemblies on existing systems for competition, and breakout and purchase spare parts directly from the manufacturer.

Installation Management

The Army continues to improve the management of its installations. The Model Installation Program is designed to eliminate obsolete procedures and encourage smart new ideas. This program has generated 4,000 suggestions on improving the Army.

These suggestions range from the purchase of supplies from local vendors to expedited hiring practices. During FY 86, the Army started institutionalizing a standard structure, with standard core functions, for managing installations. This effort will facilitate the transition from peace to war by ensuring adequate support to the RC units that replace deploying active units during mobilization. This will become the basis for ensuring proper resource allocation, training of our key managers, and the development of more effective management systems.

Depot Physical Inventories

The Army maintains a $32 billion inventory in depots. This inventory consists of general supplies and ammunition. The accuracy of these balances and the security of the inventory itself reflect our sense of responsibility to take charge of and secure all government property in our care. The accuracy of this inventory also affects decisions to buy or repair supplies.

Information Management

The Army concept of information management envisions a partnership of automation, communications, records management, visual information, and publications. Each of these is integrated to the maximum in support of the Army goal of improved decision making.

Force Integration

The key management tool in the force integration process is the functional area assessment (FAA). FAAs are the means by which the Army reviews department level short-range plans and programs for force integration. This analysis is accomplished along functional lines in each area of selected organizations. The organizations reviewed are chosen because of their impact on the total force.

Condition of Real Property

The average age of the Army's physical plant is 33 years. Seventy percent of the facilities were built over 25 years ago and are experiencing extensive repair or replacement of major components. Since these requirements occur at different intervals, the funding needs for a facility that is 20 or 30-years-old are considerably different from one that is five to ten-years old. Compounding this is the fact that the Army's physical plant becomes more complex with force modernization and changes in living and working standards and therefore more costly to maintain. Resource levels must correspond with periods of major repair to reverse the deterioration of the physical plant. In recent years, funding has kept pace with wearout points of subsystems. The improvement in Active Army real property is evidenced by the decline in Backlog of Maintenance and Repair (BMAR), down below $1 billion by the end of FY 86.

The FY 88-89 budget, however, will not hold facilities deterioration in check. The reduced funding profile for FY 88-89 will cause BMAR to increase as components wear out and major repairs are delayed. Master planning for facilities repair will be continued through use of condition surveys, facilities assessments, and update documents. Renovation of facilities will continue to be needed and resource requirements will remain high throughout the eighties. New programs for requirements like asbestos abatement and environmental compliance are necessary and must be supported.

Requested funding levels must be supported to maintain facilities at standards that provide proper living and working conditions, and to allow for new programs and other Army improvements (force modernization and force structure changes) to be accomplished.

Family Housing

The availability of suitable, high quality family housing is a critical factor in the quality of life enjoyed by soldiers with families. Prior to FY 84, family housing was severely underfunded because of fiscal constraints, unrealistic inflation rates, unexpected increases in fuel cost, and during FY 78 through FY 80, unfavorable fluctuation in foreign currency exchange rates. These factors and others combined to generate large backlogs in most aspects of family housing.

In response to Army initiatives, the Defense Family Housing Management Account was transferred back to the services for full management as an Army appropriation. This has resulted in the Army's ability to prioritize resources against its housing needs. It gives the Army an increased capability to balance its facilities accounts and fix its family housing deficits by adding new units and repairing the existing inventory.

In FY 85 the Army initiated a program for a stable annual investment to rehabilitate, renew, or replace those deteriorated or obsolete dwelling units currently in the Army inventory. Build-to-lease and rental guarantee programs are innovative concepts, approved in FY 84 to provide additional housing at CONUS locations. Additional authorization was provided in FY 85 to accommodate stationing of new light infantry divisions. FY 88-89 budget estimates substantially reduce the shortage of family housing worldwide.

The Army Family Housing appropriation for FY 86-89 is shown below. Growth in all areas of construction, leasing, operations, and maintenance reflects the support of Congress, the Office of the Secretary of Defense, and the Army leadership for the Army Family Housing program.

ARMY FAMILY HOUSING
($ IN MILLIONS)

	FY 86 APPROP	FY 87 APPROP	FY 88/89 REQUESTS	
NEW CONSTRUCTION	138	223	291	282
IMPROVEMENTS	97	135	145	153
PLANNING & DESIGN	14	22	22	20
OPERATION & MAINTENANCE	1,003	1,052	1,098	1,220
LEASING	108	158	180	199
TOTAL	1,360	1,590	1,736	1,874

Dining facilities have a positive impact on soldier morale and contribute to unit cohesion and soldier retention.

The FY 88-89 Family Housing Budget will:

☐ Construct 6,521 new housing units
☐ Lease 5,300 additional housing units
☐ Improve 15,038 existing housing units
☐ Eliminate or upgrade 771 standard housing units

Military Construction

The Military Construction, Army (MCA) program constitutes only 2 percent of the total budget request, but is one of the principal means of improving the living and working conditions of our soldiers and their families. These funds finance the construction, rehabilitation, or replacement of the facilities soldiers need to live, train, and maintain their equipment.

The FY 88-89 request supports a military construction program balanced between overseas and stateside requirements. The overseas portion supports the high priority forward deployed forces. Major initiatives continue at Fort Drum and in Alaska to station two light infantry divisions. Special Operations Forces also have been given a significant portion of the Army's FY 88-89 construction budget.

Special attention has been paid to provide a proper balance among the facilities that support new equipment fielding, training, quality of living and working conditions, and families. Our strategy is to provide modern barracks to all enlisted soldiers by FY 92; to modernize all dining facilities by FY 95; to modernize all tactical equipment shops and provide hardstands to get all soldiers and their equipment out of the mud by FY 96; and to provide needed child development centers by FY 93; physical fitness centers by FY 95; and instructional facilities by FY 96.

Much progress has been made in recent years, and the FY 88-89 budget request continues the pursuit of excellent facilities to support our high quality soldiers. The following chart shows the numbers of facilities to be constructed under our request.

Military Construction

Category	No. of Facilities FY 88	No. of Facilities FY 89
Barracks	20	37
Tactical Equipment Shops (includes hardstands)	15	23
Hardstands (Separate projects)	16	20
Child Development Centers	15	17
Dining Facilities	6	4
Instructional Facilities	7	9
Physical Fitness Centers	1	3

The dollar breakout of the FY 88-89 budget request by major category is shown in the chart below:

Military Construction
(Dollars Requested)

Category	FY 88	FY 89
Troop Housing	116.8	205.7
Maintenance/Supply	369.1	411.9
Operations/Training	398.3	479.1
Community	67.4	69.7
Administrative	40.0	9.9
Utilities Improvements	135.0	114.0
Minor Const/Planning & Design	148.7	147.9

The payback on this investment account in terms of recruitment, retention, readiness, and efficiency far exceeds its actual cost.

Army Safety Program

The Army Safety Program remains dedicated to the preservation of resources. Annual goals of the program are to reduce loss of manpower and materiel from accidents, and provide a safe environment for all Army personnel.

Total Army accidents were reduced by more than 20 percent in FY 86. Of particular significance was the reduction in Army Class A aircraft accidents. FY 86 was the safest year in Army aviation history. The rate of 1.98 Class A aircraft accidents per 100,000 flying hours was the lowest rate recorded since Armywide aircraft accident data collection began in 1958. This rate was achieved during a year that saw increased emphasis on realistic training with a corresponding increase of almost 100,000 flying hours. The FY 86 aviation safety record is significant considering Army aviators were flying much more sophisticated aircraft on more demanding tactical missions, where a single error increased the probability of an accident.

Since FY 82, combat vehicle accident fatalities were reduced by almost half, and fatalities during training activities by 42 percent. Important progress has also been made in reducing military fatalities in private motor vehicle accidents. Fatalities in 4-wheeled vehicles were reduced 19 percent since FY 82. The FY 86 Army private motor vehicle fatality rate of 16 per 100,000 military population was better that the national 19.1 rate per 100,000 civilian population. This is particularly noteworthy considering that more than half the total Army population is in the high-risk age group—under age 25—compared to about one-fifth in the civilian population.

Programs to improve driver safety and maintenance in Army motor vehicle operations, a major source of Army accidents, produced a 26 percent reduction over the past five years. Federal Employees' Compensation Act claims were also reduced by 5 percent in FY 86 over FY 85. This improvement is the first measurable progress in reducing these claims. These safety gains, reflect the success of Army safety programs.

Stewardship guarantees that the public gets efficient and prudent utilization of resources while maintaining a high state of readiness. Our soldiers and the American public expects no less.

Chapter 4

THE FUTURE ARMY

Increased military investment of the past few years has resulted in improvements in readiness, sustainability, modernization, and force structure. While these improvements have provided increased capabilities, we must not become complacent. It is essential that we continue to plan for the future to ensure the capabilities of tomorrow's force are appropriate for executing assigned missions. This planning process includes analysis of doctrine, and development of technologies and force structure that will allow us to overcome a numerically superior enemy.

Planning

Long-Range Planning

The long-range plan provides a logical and consistent framework for developing the future Army and for fielding requisite warfighting capabilities. It considers threats to national security, national military strategy, requirements of the Unified and Specified Commands, the Army's AirLand Battle Doctrine, and the long-range vision of the Army's leadership. Vision is crucial if today's decision are to be made in such a way as to shape the future rather than react to it. We, rather than a potential adversary, should define the battlefield of the future—weapons, tactics, rules of engagement. With such a vision, today's force structure combined with doctrine and national policy could compel the Soviet Union to assume a reactive mode, requiring them to allocate their resources according to our scheme.

Army long-range planning guidance is a combination of the leadership's vision of the Total Army, prepared to fight and win in joint and combined operations across the spectrum of conflict; and the principles and guidelines that the Army's force designers need to develop the specific force capabilities. These principles and guidelines include the Army's vectors, and the "Key Operational Capabilities" that are needed to execute operations according to AirLand Battle doctrine into the future. Long-range guidance must also guide the exploitation of new technologies to permit the development of the most efficient and effective forces for the future. Increasingly, the future force development initiatives must adopt the requisite joint and combined perspectives, building on the present Joint Force Development Process in recognition that combat is inherently a joint and combined endeavor, particularly at the level of operational art, the vital link between tactics and strategy.

Leadership Vision

Leadership keeps the Army on a steady path by providing a strategy for accomplishing day-to-day business while maintaining continuity as we build future military capabilities. Today's leadership has established these vectors for planning:

- ☐ Provide quality soldiers, civilians, and strong families in the AC and RC.
- ☐ Field balanced, flexible, and modern forces
- ☐ Exploit operational and tactical dimension of AirLand Battle Doctrine
- ☐ Improve tactical and strategic deployability
- ☐ Develop forces to conduct joint and combined operations
- ☐ Develop technology and productivity enhancements
- ☐ Exercise strong stewardship

Key Operational Capabilities

The Key Operational Capabilities provide an overall concept of what the Army wants to accomplish in future warfighting capabilities as well as long-range guidance to the research, development, and acquisition community. Each Key Operational Capability is structured with objectives and tasks necessary to achieve desired results:

- ☐ Soldier and Unit Performance Enhancement addresses soldier combat capability, survivability, battlefield leaders, unit productivity and soldier/weapons systems integration. Combat capability includes the development and maintenance of individual combat skills, and endurance in the combat environment. Combat survivability includes protection on a contaminated battlefield, as well as protection from wounds and health hazards. Leader development includes both selection and training, as well as special tools to enhance performance of leaders in actual combat. Unit productivity addresses assignment procedures, cohesion, and training. Soldier/weapons system integration enhances the weapons design for human capabilities.

- Reconnaissance, Surveillance, and Target Acquisition addresses battlefield intelligence, target detection, munition guidance update, and combat effectiveness of soldiers and units engaged in intelligence and electronic warfare operations. It includes intelligence collection; processing and dissemination techniques; and the efficiencies achievable in these functions through automation and sensor packaging.
- Command, Control, and Communication addresses the ability of commanders to synchronize the battle and effect a favorable outcome; continuity of communications; and the effectiveness of personnel and units supporting these functions. It includes voice, data, and image networks, and the large scale automated and distributed application of these networks in a future battlefield.
- Battlefield Lethality identifies the need to develop and field advanced weapons necessary to enhance execution of AirLand Battle Doctrine. This process encompasses improved munition effectiveness; increased range and accuracy; all-weather, obscurant-penetrating capabilities; alternative tank attack techniques; force survivability; and advanced countermeasures. Priority is given to ensuring that we can defeat future armored vehicles, and enhance our deep attack means. The exploitation of advanced technology, especially microchip circuitry, is the foundation of weapons improvements. Chemical, directed, and kinetic energy solutions are also included.
- Battlefield Sustainment addresses war reserve stocks, the industrial base, the effectiveness of logistics support, and battlefield casualty management. It includes the difficult balance among essential war reserves, industrial surge capacity, and fielded logistical support to combat units. Further emphasis is placed on reducing life cycle costs of systems, and technological opportunities for significant improvement in treating and evacuating battle casualties.

Research and Development

Research and Advanced Technology Base

Our basic research and advanced technology program is executed by Army laboratories, industry, and academia. They produce the high leverage technologies for the Army of the future. Technical feasibility and military potential of promising products are pursued by design, analysis, simulation, and experiment action during the exploratory development phase. Army technology demonstrations serve as an indispensable bridge between the promise of research efforts and system full scale development engineering. Technology demonstrations have potential application to a variety of similar and generic products, rather than for one specific, well defined system. Our resource constraints coupled with the ongoing, unprecedented Soviet military buildup means we must rely heavily on superior technology. Notwithstanding the technological strength of the private sector, the Soviets have narrowed the technology gap in many areas. We must maintain our technological advantage and pursue high leverage technologies to keep our forces second to none. A long term commitment to military science and technology is essential. Technology base preeminence is a prerequisite for avoiding technological surprise by our adversaries, and for overcoming numerical superiority.

University Research Initiative (URI) basic research contracts were competitively awarded in 1986 to 11 universities, thereby establishing centers of excellence for 10 technologies critical to the Army. These centers are in addition to the existing six centers of excellence for artificial intelligence, mathematics, and rotary wing aircraft technologies. Centers of excellence are a critical source for the Army to ensure an available scientific and engineering pool of talent needed to conduct quality research into issues that benefit the Army, and to ensure the availability of first rate scientific facilities. In 1986, the Army also had approximately 200 universities and colleges under contract or grant for specific research efforts.

The technology base program has been reviewed to ensure support of the Army's Key Operational Capabilities initiative. This has resulted in key technology demonstrations being identified as offering high potential benefit to future systems, as well as alleviating or eliminating known battlefield deficiencies. Successful 1986 demonstrations include:

- Speaker-Dependent Voice Interactive Avionics
- Expert System Diagnostic Flight and Crash Data Recording for helicopters
- Fiber Optic Guided Missile anti-helicopter capability
- Robotic Vehicle Performing Route Reconnaissance

In keeping with the Packard Commission recommendations for improved long-range planning, significant improvements have been made to ensure the adequacy and timeliness of the technology base in support of future generation systems. The necessary development and technology base efforts have been laid out to ensure plan feasibility. Such planning is essential if we are to mature critical technologies, thereby reducing the time it takes from concept to fielding of our systems.

The FY 87 budget request provides funds to operate the 36 Army labs and research, development, and engineering centers; continues the URI and centers of excellence; and continues the technology base programs of the Army Materiel Command, Surgeon General, Army Research Institute and Corps of Engineers.

Investment in a strong technology base makes good common sense for our future. It gives us the institutional knowledge we need to avoid technological surprise that could cause premature weapon system obsolescence, and encourages innovative applications of new technology. In short, the basic mission of the tech base is to ensure that our soldiers continue to receive the best fighting equipment in the world. Our combat developers project the way we will fight into the next century. Before combat developers turn advance concepts into doctrine, our scientists and engineers must ensure that materiel developers have the benefit of state-of-the-art technology.

There are areas where the United States has a clear technological lead which can be exploited to multiply the combat effectiveness of the Army. By focusing on these areas we can accelerate the transition of high payoff technologies from the demonstration state to the field of combat. These high leverage technologies include:

☐ Distributed Command, Control, Communications and Intelligence (DC3I) enhances communications and distribution of information to all levels of command.

☐ Munitions that after being launched can acquire, select and guide a warhead to a target based on advances in fiber-optics, infrared electro-optics, and radar technologies. Improved fuzes, warheads, and delivery systems are also included in this thrust.

☐ AirLand Battle Environment (ALBE) will provide information, based on terrain, atmosphere, environmental, and other conditions that affect friendly and hostile weapon systems.

☐ Soldier Machine Interface (SMI) technologies that reduce training costs and improve operational capabilities.

Strategic Defense Command (SDC)

In March 1983, President Reagan announced his vision of a world free from the threat of nuclear devastation. He proposed to attain this vision by changing the emphasis of our national defense posture from offensive to defensive systems, and launched the Strategic Defense Initiative (SDI) to investigate the technology development that would be required to effect such a change. The Army is playing a major role in this process.

Product improvement of the Patriot provides the foundation for our evolving antitactical missile capabilities.

SDI conducts research of the relevant technologies and demonstrates technical progress, to allow a decision on development of a multitiered strategic defense system by our national political leadership in the early 1990s. There are five broad research areas established by SDI, plus the added responsibility for development of a Theater Missile Defense (TMD) system with U.S. allies.

The SDC has achieved significant success, although budgetary fluctuation has caused considerable turbulence. Still, dramatic progress has been the hallmark of the Army's involvement in SDI, some of which deserves mention here.

The first research area is Surveillance, Acquisition, Tracking, Kill Assessment. One important experiment is the Airborne Optical Adjunct that will attempt to determine if airborne optical sensors can provide early warning and tracking of enemy ballistic warheads. A modified commercial jet aircraft is the proposed platform for sophisticated infrared sensors and associated data processors. Infrared sensors detect the comparative heat of objects. Their sensitivity is such that, against the cold background of space, they could detect the heat of a human body at a distance of more than 1,000 miles. Thus, these sensors hold the promise of being able to detect a wide range of objects during their flight outside the atmosphere and as they generate heat on reentering the atmosphere, discriminating warheads from decoys, debris, and chaff that may reenter with them. Initial flight testing will be conducted in FY 88, with continued demonstrations in FY 89.

The second research area is Directed Energy Weapons, one of the most complex and challenging fields of the SDI effort. One potential system where great strides have been made is the ground-based Free Electron Laser (FEL). The FEL would be fired from the ground, reflected off a geosynchronous mirror in fixed orbit, then reflected again off an orbiting "battle" mirror, before finally attacking hostile ICBMs in their boost phase, when they are most vulnerable. Extensive testing of the FEL concept will be conducted in FY 88.

The third area is Kinetic Energy Weapons, where the goal is to establish the feasibility of ballistic missile intercept in mid-course and terminal phases. This effort received considerable publicity as success was realized in areas where some thought it impossible.

A commonly heard criticisms about SDI is that the technologies required would involve hitting a bullet with a bullet. But in June 1986, with the Flexible Lightweight Agile Guided Experiment (FLAGE), the Army met that requirement and more. At the White Sands, New Mexico Proving Grounds, an airplane dropped a target missile which fired its rocket, the latter attaining a speed of some 2 kilometers per second (km/s). The FLAGE rocket was launched some 20 seconds after the target missile release, accelerated to around 1.5 km/s and struck and destroyed the target in less than 8 seconds of flight, some 10 kilometers down range and at an altitude of 7 kilometers. Succeeding FLAGE flights will seek further validation that the necessary guidance accuracy can be achieved for nonnuclear kill in the lower atmosphere.

The High Endoatmospheric Defense Interceptor (HEDI) and the Exoatmospheric Reentry-Vehicle Interceptor System (ERIS) will test detection, tracking, and homing mechanisms for destruction of reentry vehicles at much higher altitudes, both inside and outside the atmosphere. HEDI will be flight tested against a real target in FY 89, although no ERIS flight tests are anticipated until after FY 89.

The fourth research area is Systems Analysis/Battle Management, where the long-range goal is absolute control of a highly complex, multilayered defense system. The responsibilities of SDC are quite broad. They involve establishing overall technology guidance in the development of computers and computer software, weapons systems, detection equipment, battle management, as well as command, control, and communication systems and methods. SDC is focusing on mid-course and terminal phases of hostile missile flight, and is working on both continental and theater defense modes.

The fifth research area is Survivability, Lethality, and Key Technologies. The program includes technology for enhancing survivability; reducing uncertainties regarding lethality and vulnerability; evaluating Soviet countermeasures; and developing materials and technologies to support system concepts.

In addition to the above research responsibilities, SDC has been designated as the SDI agent in furthering Theater Missile Defense (TMD) initiatives with U.S. Allies.

SDC's efforts will focus on extended air defense through research, architecture studies, and testing of U.S. and allied components of potential theater missile defense.

Architecture studies would form the framework for the future of extended air defense by investigating the nature of the threat, including weapons to be defended against as well as mission requirements, strategic and tactical goals, and specification or determination of the assets to be defended.

SDC presents the Army with the opportunity to play an important role in evolving concepts of strategic defense as a function of its unique experience in certain areas.

The Army In Space

In FY 86 several key developments signaled the Army's reemergence as a significant player in space activities. First, the Army Space Division was established within the Space and Special Weapons Directorate of the Office of the Deputy Chief of Staff for Operations and Plans to provide the Army Staff a single point of contact for space-related actions. Within the next few months, the U.S. Army Space Agency and the U.S. Army Space Institute were activated. These organizations provide the Army with the essential centers to explore all potential space capabilities—jointly or unilaterally—for supporting our ground commanders.

The Army is examining future operational missions that could be assigned to the Army Space Agency, including roles in Defense Satellite Communication System operations centers and the ground control segments of other space and space-related systems. A number of systems are now being considered that may have value for the Army some time in the future. These include sensors to support tactical commanders such as environmental monitors and other devices that help manage large ground combat operations.

The Army Space Master Plan will be completed and published in FY 87. It will provide the bridge to producing an Army space architecture and investment strategy for the 1990s. In the near term however, the major Army space-related investment will continue to be the SDI research contributions of the SDC. The Army's new space organizations will ensure momentum in identifying and solving requirements for space that directly impact on the AirLand Battle commander.

Follow-on Programs

The Army will continue its modernization program with a view toward Follow-on programs. New equipment will be introduced as it becomes available, but will not replace all existing equipment. The Army expects to continue using the M1, AH-64, UH-60, and Patriot systems as firepower and mobility platforms for the remainder of this century. Capabilities of fielded equipment will be enhanced by high leverage-high technology product improvements whenever possible.

The prospect of negotiated reductions in nuclear weapons will increase the reliance on conventional forces to deter conflicts.

This requires maintaining a relative conventional parity. There are technologies, which if developed successfully and widely employed with the doctrinal underpinning of AirLand Battle, have the potential for significantly increasing Army conventional force capabilities. These can be grouped into Follow-on Programs technologies which by accelerated development could be fielded in the FY 94-99 period, and technological opportunities that can provide the leverage necessary to leap ahead in modernization and provide systems capable of being accelerated for fielding by FY 2000. The Army's priority efforts are to incorporate these promising high leverage technologies into follow-on programs.

Tactical Directed Energy Warfare

Tactical directed energy is the use of electromagnetic waves or a stream of subatomic particles to accomplish a wide variety of tactical military tasks in combat. These tasks include target detection, illumination, ranging, identification, jamming, disruption, damage, or destruction. Directed energy technologies include lasers, radio frequencies (microwave, millimeter wave, and non-nuclear electro-magnetic pulse), and particle beams. Directed energy warfare is an operational term for employing and defending against directed energy devices and weapons.

Directed energy warfare has evolved rapidly in the last 20 years and cuts across all Army mission areas. Worldwide proliferation of directed energy warfare applications and potential battlefield lethality have revolutionary implications for Army doctrine, training, force structure, and equipment. The Army is incorporating directed energy into planning for the future battlefield and is aggressively pursuing several ways to achieve readiness against the threat of today and tomorrow.

The Armored Family of Vehicles (AFV)

The AFV will be the follow-on combat systems of the mid-1990s and beyond, and will eventually replace the M1 tank, BFV, M109 howitzer, as well as numerous track and wheeled support vehicles in the current fleet.

The AVF will use a common chassis with variant mission module configurations that provide for specific applications. These mission module configurations, when married to either a heavy, medium, or light type of chassis, establish specific battlefield capabilities. Because of the family concept, many of the repair parts will be common across the fleet. This will not only simplify the logistics systems, but will reduce operating and support costs.

The FY 88-89 budget will support initial development of the common chassis as well as armored, infantry, artillery, and Armored Gun System (AGS) variants. Development of an AGS is first priority for development and fielding.

Light Helicopter Family (LHX)

The Army initiated a technology development program called Advanced Rotorcraft Technology Integration (ARTI) in 1985. ARTI supports full scale development in FY 88 for a family of LHX planned for deployment in 1995. Previous research efforts have shown that an integrated and automated cockpit and associated electronic architecture will provide the helicopter with improved combat capabilities. Full scale development of an associated engine, designated the T800, which is a 1200 shaft horsepower turboshaft engine of advanced technology coupled with low fuel consumption is progressing on schedule and cost. The Army awarded contracts to accomplish work necessary to reduce risk for initiation of the LHX competitive development program. These risk reduction efforts are concentrated in the following areas: wind tunnel and mission equipment package design demonstrations. All efforts are designed to ensure that LHX will enter the competitive development phase with no high risk technology components. Full scale development of the LHX airframe and mission equipment will begin in 1988.

Summary

This posture statement documents the significant progress that has been made in Army capabilities this year. It also identifies necessary programs for the future that are essential if conventional forces are to provide credible deterrences. While budget realities force us to make hard choices about how much defense is enough, we must also realize that guaranteeing the security of our nation and ensuring our continued freedom to prosper requires a strong national defense. John F. Kennedy expressed this view when he said, *"Only when our Arms are sufficient beyond doubt can we be certain they will never be employed"* Our vision for the future provides the programs, which if completed, will provide that guarantee for our nation.

Chapter 5

FY 88-89 BUDGET

Overview

The FY 88-89 budget request will provide funds to continue essential improvements in readiness, support a flexible and responsive structure, and improve sustainability of forces. The budget request is insufficient; however, to provide a modernized force that will ensure a qualitative conventional superiority over the Soviet Union. Budget constraints have reduced the amounts of modernized equipment projected and requested for the past few years. Congressional austerity and fiscal retrenchment catch the Army midstream in its modernization effort, and places the goal of a modernized force in jeopardy. Despite this situation, we are proud of our many accomplishments. Successive paragraphs relate the amounts requested in the budget to the objectives we are striving to attain.

Our Army depends on people to accomplish its mission. Therefore, our first objective is manning the Army with sufficient numbers of high quality soldiers. Major initiatives are funded to maintain, improve, and retain a competent and quality force. These initiatives include enlistment bonuses, educational opportunities provided by the new GI Bill and the Army College Fund, and Quality of Life programs. Dollar resources are requested to support an Active Army of 780,900 soldiers, a modest growth in the RCs, and a relatively stable civilian strength at 412,000.

Training is our second budget objective. Resources requested to support training will help build and sustain a balanced, flexible, and ready force that is trained to fight and win across the entire spectrum of conflict, including the ability to fight as part of joint and combined forces. The FY 88-89 budget builds on existing training programs and continues several major initiatives aimed at improving training effectiveness. The budget provides for participation in 19 directed and 35 coordinated JCS Exercises, and continues 28 battalion rotations through the National Training Center. Future resources are dedicated to start up activities tied to the Combat Maneuver Training Complex and the Joint Readiness Training Center. Ground operating tempo (OPTEMPO) for training is resourced at a level between 750 and 850 miles for the 16 major combat systems. Requested resources also provide for the training of RC officers, warrant officers and NCOs through specially configured non-resident programs.

Our third objective is to modernize the Total Army. The FY 88-89 budget buys additional equipment for a balanced force of 28 combat divisions: 18 AC divisions and 10 RC divisions. To accelerate equipment modernization for the RCs, $1.2 billion modernization items will be procured in FY 88. This will increase to $1.4 billion in FY 89.

As mentioned earlier, funding constraints have slowed the pace of equipment modernization programs. This reduced pace of modernization will ultimately have the effect of increasing unit costs, as well as increasing the probability of technological obsolescence by the time a system is fully fielded. The urgency of completing our modernization program cannot be overemphasized.

Our fourth objective addresses the need to mobilize and deploy a force of sufficient size in a timely manner to influence the early stages of conflict. The Army supports the increased deployment capabilities of the Navy and Air Force, as evidenced by the Fast Combat Support Ship and the C-17 Airlifter. Operation and support costs for the RCs in support of the mobilization training base continue to grow in the FY 88-89 budget. Funding for war reserves, although increasing, remains inadequate to meet changing force requirements.

Lastly, the Army is concerned about patterns of erratic and inconsistent real growth. Large swings in funding complicate efforts to provide a consistent and steady program. Unforeseen decrements to the funding posture hinder efforts to plan effectively and to implement programs requiring long lead time, multiyear contracts, and other cost containment provisions. This ultimately increases the cost of the items purchased.

Budget Highlights

- ☐ Maintains level Active Component and relatively stable civilian strengths
- ☐ Continues modest strength increases of USAR and ARNG Paid Drill Strength
- ☐ Continues support for light infantry division initiatives at Fort Drum and Fort Wainwright
- ☐ Continues heavy forces redesign
- ☐ Continues Quality of Life initiatives
- ☐ Continues the Forward Area Air Defense program
- ☐ Sustains Special Operations Forces modernization
- ☐ Promotes efficiency through increased automation
- ☐ Initiates XVIII Airborne Corps reorganization
- ☐ Improves security against terrorist activity
- ☐ Improves integrated circuits technology for automatic target recognition and battlefield information management
- ☐ Continues the Combat Field Feeding System
- ☐ Increases development of advanced missile and infrared technology
- ☐ Provides funding for the Combat Manuever Training Complex in Europe

FAMILY HOUSING HIGHLIGHTS

	FY 88	FY 89
New Family Dwelling Units to Be Constructed	2,940	3,581
Upgrade of Substandard Housing Units	536	56
Whole House Renewal	1,623	2,751
Energy Efficiency Improvements (No. of Units)	1,233	1,983

Budget Deficiencies

- ☐ Slows wartime sustainability
- ☐ Slows modernization through terminations (AHIP) and stretching of procurement buys (M1,M2/3)
- ☐ Ground operating tempo is funded between 750 and 850 miles for the 16 major combat systems; other systems are resourced at lower operating tempo.
- ☐ Provides flying hours of only 15.5 hours per crew/month in FY 87, 15.8 hours in FY 88 and 15.8 hours in FY 89
- ☐ In FY 88, funds only 79 percent of equipment eligible for depot maintenance. This drops to 76 percent in FY 89.
- ☐ BMAR exceeds congressional containment level.

BUDGET PROVIDES EQUIPMENT FOR

(non-cummulative)

FY 88	FY 89	
10	9	Abrams tank battalions
10	10	Bradley battalion equivalents
3	0	Apache attack helicopter battalions
12	12	MSE equipped battalions
4	5	Black Hawk helicopter company equivalents
3	3	Medium helicopter transport companies (CH-47D)
2	4	MLRS batteries
12	9	Patriot batteries

Appropriation Overview

The FY 88-89 budget requests Total Obligation Authority of $79.4 and $82.6 billion, respectively. Outlays are projected to be $76.3 billion for FY 88 and $78.9 billion for FY 89. The following table shows the FY 88-89 request in terms of current and constant dollars in comparison with FY 86 and FY 87. FY 86 totals represent the final program. FY 87 data represent the current year budget as appropriated by Congress plus Army's portion of the FY 87 DOD supplemental.

CURRENT DOLLARS
($ IN BILLIONS)

	FY 86	FY 87	FY 88	FY 89
TOA	74.2	75.5*	79.4	82.6
OUTLAYS	71.1	72.4*	76.3	78.9

CONSTANT FY 88 DOLLARS

	FY 86	FY 87	FY 88	FY 89
TOA	80.0	79.1*	79.4	79.8
OUTLAYS	76.7	76.0*	76.3	76.2

*As appropriated by Congress plus Supplemental

Army Budget Mix

The cost of supporting the Army falls into three major categories: (1) Operation and Maintenance (O&M), (2) Military Personnel, and (3) Investment accounts.

Funding for O&M accounts has grown and now consumes a greater share of the budget. In FY 86, O&M represented 30 percent of the budget; this increases to 34 percent in FY 89. This increase is due to costs associated with modernizing and maintaining the Army. O&M accounts contain $26.1 billion in FY 88 and $28.1 billion in FY 89.

The military personnel category contains $29.2 and $29.3 billion in Total Obligation Authority for FY 88 and FY 89, respectively. The military personnel accounts have remained relatively stable at 36 to 37 percent since FY 86.

The investment accounts contain $24.1 and $25.2 billion for FY 88 and FY 89, respectively. This represents approximately 30 percent of the budget, a decline from 33 percent in FY 86.

> ***"Those who expect to reap the blessing of freedom must undergo the fatigue of supporting it."***
>
> ***Thomas Paine***

GENERAL QUESTIONING

DRAIN ON SOVIET UNION ECONOMY FROM AFGHAN WAR

Senator PROXMIRE. Thank you, gentlemen. I want to thank both of you for excellent statements.

I want to ask you, General Wickham, following up just on a couple of things you said at the end before I get to Secretary Marsh, you talked about the enormous drain that the Afghan war has meant to the Soviet military effort. Testimony before another committee by the DIA and the CIA both agreed that the Soviet Union has only increased their military spending by about 2 percent a year for the last 10 years in spite of the fact that they have had this Afghanistan war, which, as you say, is a drain.

That suggests to me that the net buildup on the part of the Soviet Union compared to the United States and compared to NATO may be, from a net standpoint, less for the Soviet Union and the Warsaw Pact than it has been for our side. What is your answer to that?

SOVIET SPENDING

General WICKHAM. The Soviets are spending, we estimate, between 15 and 17 percent of their gross national product for the military, year in and year out. Their base, therefore, is much larger in terms of net accretions of military capability. A real rate of growth, therefore, has far greater implications in terms of aggregate resources going into the military. We, as you know, last year had a net negative rate of growth in our defense spending in contrast to the earlier years of this decade when there was a real rate of growth.

We can give you a classified answer as to the cost of Afghanistan, but it is in the hundreds of millions of dollars that the Soviets are spending there—loss of aircraft, the loss of equipment, loss of life—and that is a diversion.

Senator PROXMIRE. If I could interrupt just for a minute, one of the most impressive aspects of that is they have been there for, what, 7 years and they have not really done very well. That is a bordering country. It is not as if they are fighting, as we were in Vietnam, with a 10,000-mile line of supply. That suggests to me that they may not be 10 feet tall militarily.

SIZE OF U.S. FORCES

Let me ask you this. You put a lot of emphasis, General, on the fact that we have the smallest Army in 37 years. Could you give me the figures if you add the regular Army, the Reserve and the NATO forces? On that basis, do you have any estimate as to what that would be over the last 37 years? Do we still have the smallest Army? By "we," I mean the United States and the NATO countries.

General WICKHAM. We have the smallest active Army. The Reserve components are the largest in the Nation's history.

Senator PROXMIRE. Then how does this add up with the Reserve components? You spoke about how ready they are and how effective they are, and from everything I have seen and heard that certainly is absolutely correct. So that the regular Army and the Reserve together, how does that compare?

General WICKHAM. That compares very favorably with our history. It is about 1.5 million.

U.S./SOVIET TOTAL TIME IN FIELD EXERCISES

Senator PROXMIRE. Okay. Now let me ask you this. How many days a year does the average Soviet soldier spend in field exercises compared to the average U.S. soldier?

General WICKHAM. That is hard to say, to strike an average there, given the overall nature and the functional things that the Soviet soldiers do versus ours. Our combat soldiers spend probably one-half to two-thirds of their time in the field. That, of course, is all associated with operating tempo, the funds that are available to us in recent years. Congress has been very good to us and we have been able to get out into the field far more than in the past.

The National Training Center, the huge training areas that are in Alaska that are the largest anywhere for all of our forces, all enable us to make an enormous improvement in the field training.

Senator PROXMIRE. So that it is fair to say that from a net standpoint the United States——

General WICKHAM. I would say comparable.

Senator PROXMIRE. Comparable?

General WICKHAM. Yes, sir.

Senator PROXMIRE. About the same?

General WICKHAM. Yes, sir.

SOVIET MILITARY MANPOWER STRUCTURE

Secretary MARSH. Senator, if I could add to that for just a moment, although we quote a figure that is generally accepted of about 205, 206 Soviet divisions, they are not of all equal capability or strength, and indeed the Soviets categorize them A, B and C. The A divisions are probably around 40, maybe 50. Some of those are on the China border, some are in Afghanistan, and the bulk of them are in the Warsaw Pact. The Bs lack the equipment and the manpower, and the Cs lack even more than that.

The Soviet Union does not have the reserve force structure that we have. They use a system of over a period of years calling a person back for a period of time to engage in military training, and I would say to you that there is no comparability between the two reserves.

Senator PROXMIRE. That is very helpful, Mr. Secretary.

TIME IN FIELD EXERCISES

Mr. Secretary, do you have figures on the average Soviet soldier field exercises and the average U.S. soldier? The impression I had, and General Wickham indicated that my impression was in error—and I am sure that he had much better authority than I have—was that our soldiers spend more time in field exercises than the Soviet Union.

General WICKHAM. I said comparable. I will give you a precise answer.

Senator PROXMIRE. All right, for the record.

[The information follows:]

U.S AND SOVIET FIELD EXERCISES

On the average, U.S. combat arms soldiers spend approximately 90 days per year in the field performing tactical collective and crew training. In addition, U.S. combat arms soldiers receive between 30 to 40 days each year of individual weapons qualification and common military skills training in unit and local training areas. The total number of field training days depends upon the availability of training facilities and participation in joint and combined exercises.

Soviet soldiers in full strength units spend between 13 and 22 days per year in the field performing collective tactical training at company, battalion, regimental, or higher levels. In addition, Soviet soldiers receive up to 62 days each year of tactical skills training in unit and local training areas.

INITIATIVE IN U.S./SOVIET OFFICER GRADES

Mr. Secretary, how much initiative does a Soviet commissioned officer or junior grade officer have compared to his counterpart in the United States?

Secretary MARSH. As General Wickham observed, it is our feeling that there is a lack of non-commissioned officer corps infrastructure in the Soviet army. As a result of that there is an inordinate reliance on command supervision by officers because of this lack of the non-commissioned officer corps. I think that is one of the major weaknesses that you have, and you also find among the Soviet soldiers such a heavy reliance by them on their leaders for decisions that they have to make of a tactical nature, and we think that in large measure that can be attributed to the fact that there is a weakness in their non-commissioned officer corps or a lack of it.

John, you want to add to that?

General WICKHAM. I would just sort of develop just one last point. Let me have the 2 percent officer reduction slide there.

2% OFFICER REDUCTION

NOTIONAL IMPACT ON THE ARMY

ELIMINATE:	
...ONE SPECIAL FORCES GROUP	182
...TWO CORPS LEVEL AH-64 ATTACK BNs	150
...CONUSA HQ & RES SPT GRP	200
...COMBINED ARMS & SERVICES STAFF SCHOOL (CAS3)	130
INACTIVATE:	
...2/3 OF ONE AC DIVISION/ROUNDOUT WITH RC	750
...50 COMPANIES (AR, FA, IN)	250
REDUCTION:	
...UNIFIED COMMANDS	150
...DEFENSE AGENCIES	300
	2112

(REQUIREMENT: 2% OFFICER REDUCTION = 2160)

OFFICER REDUCTIONS

General WICKHAM. I mentioned, sir, that the Congress has mandated a 2 percent reduction in 1988 officers, and here is a notion of how the Army would have to take that. We would have to eliminate one Special Forces group. Now we are not goldwatching you here. We are not sort of saying we are going to give you these things that you will cough up and say they are too hard. We have very carefully laid out where we have to do this.

We would have to give up two corps level attack battalions. We are going to have to give up a Continental U.S. Army Headquarters and Reserve Support Group, 200 people out of that, to deal with improving the Reserve components. That might even affect your State, maybe Louisiana also, and Arizona.

Senator JOHNSTON. He has started meddling now.

General WICKHAM. Two-thirds of one active division. We are going to have to round it out, go back in now and maybe down to Ft. Polk. Maybe we are going to have to go into Colorado and inactivate brigades of these active divisions in order to find those officers—750 officers.

We are going to have to inactivate 50 companies throughout the Army of various types—armor field artillery and infantry. We are going to have to reduce the Unified Commands. The Unified Command structure has grown like Topsy. We have just created a SOF command now, a Unified Transportation Command, and they need to take a share of officer cuts rather than to fence them. And defense agencies also. And that is how we come up with the 2,000 in order for the Army to take that kind of a cut.

Senator PROXMIRE. Thank you, General Wickham.

DISUSE OF SOVIET TANKS

Mr. Secretary, according to CIA and DIA testimony before the Joint Economic Committee—it was unclassified—many Soviet tanks are put up on blocks and not exercised. Is that accurate?

Secretary MARSH. I would think that is probably accurate. The number I could not testify to, but I am not surprised by that statement, sir.

U.S. AND SOVIET TANK CREW TRAINING

Senator PROXMIRE. How many practice shells or computerized simulations does a Soviet tanker shoot during a year compared to a U.S. tanker?

Secretary MARSH. I can get that figure for you, sir.

Senator PROXMIRE. It is far less, is it not?

Secretary MARSH. Yes, sir.

Senator PROXMIRE. How many live rounds or equivalent does a Soviet soldier get a year compared to the U.S. soldier? Again, is it not substantially less, a fraction?

General WICKHAM. We will get that for you, sir. I am not sure. I would doubt that it is substantially less. We have used a lot of simulation capabilities, and I think you said something about that early computer, and in that sense we are better off, no question about that. The simulators that we are putting into the field now pay for themselves in 3 years in ammunition saved, and the soldiers are better trained with them than by firing-service ammunition.

[The information follows:]

U.S. AND SOVIET TANK CREW TRAINING

All U.S. Army tank crews train with full caliber practice rounds. Eighty percent of the U.S. Army tank battalions also have the Unit of Conduct Fire Trainer [UCOFT] simulator. The tank commander and gunner train in the UCOFT simulator an average of 5 hours each month. U.S. tank commander and gunner teams fire 110 full caliber practice rounds during the first year that they train on the UCOFT. In subsequent years, U.S. tank commander and gunner teams which train on the UCOFT fire 100 full caliber practice rounds each year. Tank teams which do not train with the UCOFT fire 134 full caliber practice rounds per year. U.S. tank crews only fire live rounds during live fire exercises at the National Training Center [NTC].

Soviet tank crews fire six live rounds and 120 subcaliber practice rounds each year. The Soviets have also developed tank training simulators; however, the amount of training which Soviet tank crews receive in simulators is unknown.

SOVIET AWOL RATE

Senator PROXMIRE. Now what is the Soviet AWOL rate, absence without leave rate and absentee rate for alcoholism and drug use compared to the United States?

General WICKHAM. We would say it is greater.

Senator PROXMIRE. Substantially greater?

General WICKHAM. Yes, sir, particularly alcohol. Of course, there is an effort with Glasnost and all those other phrases to drive it out.

Senator PROXMIRE. What is the average education level of a Soviet soldier and that of a U.S. soldier?

General WICKHAM. Less.

Senator PROXMIRE. We know, you testified that 92 percent of our soldiers are high school graduates now?

General WICKHAM. Yes, sir, but you have got to put this in perspective.

Senator PROXMIRE. And what is the percentage of Soviet soldiers with equivalent education?

U.S. VS SOVIET EDUCATION STANDARDS

General WICKHAM. It would be less, but you have got to put it in perspective. We have an Active Army of only 781,000 active; the Russians have an army of 2 million, with roughly the same size of the Nation's, population base. So they are conscripts and as a result you would expect with a conscript army that is much larger, that is 3 times the size of ours, that you would have a lowered education level, and you would have reduced opportunity to fire munitions and reduced opportunity to maneuver and do all those good things that lead to readiness.

So your comments are well taken, but you need to recognize that it is not a structural relationship.

Senator PROXMIRE. That is right. I am trying to put this in perspective, too, by including the Reserve, which you testified was bigger than it has ever been, that our training is greatly improved, that our AWOL rate is way down, that our alcohol abuse rate is down far less than it was, educational level higher. So that I think in net you make a devastating point that they have more people. Nobody can question that.

U.S. QUALITY ADVANTAGE

But I just maintain that we have overlooked the fact that in terms of quality in all kinds of ways we have an advantage that has been neglected.

General WICKHAM. No question about that, and we do not give enough currency to that. And if you asked me would I rather be in the Soviet Army or the American Army, there is no question.

Secretary MARSH. I would say to you on the education figure, when are talking the 91 or 92 percent, those are for the entrants, Senator. The actual education content of the U.S. Army is around 98 percent.

Senator PROXMIRE. The actual what?

Secretary MARSH. Is around 98 percent, as I recall the figure.

Senator PROXMIRE. I am sorry. What is 98 percent? I missed that.

Secretary MARSH. The total content of the Army, the total high school graduate content of the Army.

Senator PROXMIRE. OK.

Secretary MARSH. Because what happens, the youngsters come in and for those not in the 91 or 92 percent there is an emphasis made to get them high school qualified, and so they become high school qualified while in the Army. Some of them leave, but you end up with, as I recall, approximately 98 percent who are high school graduates.

Senator PROXMIRE. Well, my time is about up.

Senator Stevens.

PREPARED STATEMENT

Senator STEVENS. Thank you. Mr. Chairman. I would like to put my prepared statement in the record.

Senator PROXMIRE. Without objection, it will be printed in the record in full at this point.

[The statement follows:]

PREPARED STATEMENT OF HON. TED STEVENS

U.S. SENATOR FROM ALASKA

Thank you, Mr. Chairman. I join you in welcoming Secretary Marsh and General Wickham as they made their third joint appearance before this committee. The Army's request for fiscal year 1988 represents moderate growth, sustaining the modernization efforts currently underway. Both of you deserve credit for successfully leading the Army through a period of significant reorganization and modernization.

General Wickham testifies for the last time today as Chief of Staff of the Army. You and I have worked together on a number of issues during your tenure, and I want to express my appreciation to you for your support on a number of issues, matters critical not only to my state, but to our national security.

Along with presenting your views on the pending Army budget, I hope you can provide the committee with some context for the issues facing today's Army. As resources become increasingly scarce, every decision made by this body and the Army leadership takes on added significance. Your experience, General, and that of the Secretary, will be critical to ensure that the right choices are made.

Thank you, Mr. Chairman.

RECOGNITION OF GENERAL WICKHAM

Senator STEVENS. I apologize to my two good friends. I had another meeting.

I note, General Wickham, this is your last appearance before our subcommittee as the Chief of the Army. I want to thank you for all you did to work with us when I was Chairman and for the massive contribution you have made to the modernization of our Army and to the increase in morale and the strength of our Army.

I tell you, Mr. Chairman, I do not think I will ever forget the statement that General Wickham made to the Presidential Prayer Breakfast. I think that was the finest statement I ever heard from a man in uniform, and you could go on the speaking circuit, John, I think, and do very well. I really do sincerely thank you for all you have done to work with us.

Mr. Secretary, I am glad to see you back.

CONTINUING END STRENGTHS

Let me get into the questions. I do not know how much time we are running on here, but General, I am worried about the budget resolution that is coming before us now. You postulated here for us a continuing end strength, really no increase in end strength, that you have increased our defensive capability and you are relying to a great extent upon modernization, which has not been completed.

The budget resolutions that are coming before us now will severely reduce outlays for 1988 and start a new direction. The curve will be downward, I think. The plane will be downward, if I read the situation. No growth would be a happy result this year. It looks like we are going to have a negative real growth.

Under those circumstances could you tell us what is going to happen to the Army and what you have done to reconstruct and reorient our Army if we start now a period of decreasing annual support for the Army in particular and the armed services in general?

BUDGET PRIORITIES

General WICKHAM. Well, sir, if those unhappy circumstances occur we will have to belt-tighten. I will not be around—and I thank you very much for those kind remarks. My friendship for Alaska and for you is very solid, and we do appreciate the support that you have given to us when you were Chairman.

I am not going to be around to assure that these priorities would exist, although the Secretary will be. But I think he and I share the same views we have over 4 years. I think we would keep our end strength, do everything we can to keep the end strength of the Army, the active end strength. We might have to reduce the ramp of growth in the Reserve components, the little bit of outlay there, not as much outlay as you would find on the active side.

We have tried, the Secretary and I, to cap the civilian end strength of the Army also, which saves us outlay. We might have to reduce the civilian end strength of the Army modestly. But the larger area is likely going to have to be in stretched out modernization and sustainability. That is where I think we will have to harvest the savings.

BRADLEY FIGHTING VEHICLE

Senator STEVENS. Let me get to some of the modernization, then. I know we have all read you have recently had a difficult decision to make with regard to the Bradley. Where do we go from here with the Bradley vehicle?

General WICKHAM. We are complying with the congressional requirement to test the Bradley and we finished the high survivability test. This is a vehicle that we put a liner in it and put reactive armor outside of it and restowed various munitions and other items in there. Those tests indicate that those fixes make a lot of sense and we plan to proceed with those fixes.

AMPHIBIOUS ASPECTS OF BRADLEY

Senator STEVENS. The publicity indicated that the amphibious aspects of the Bradley were seriously questionable now; is that right?

General WICKHAM. Not seriously questionable. We have to put a modification on the trim vane. I personally went down and looked at it. The Secretary has also. We have swum the Bradley about 10,000 times and we have only had about a dozen sinkings. That is not bad in terms of performance. But that does not mean we cannot fix the trim vane, and we are going to do that. I think we need to retain a swim capability for emergency purposes on the battlefield.

Senator STEVENS. Do you still support the Bradley vehicle as strongly as you have in the past?

General WICKHAM. It is the essential vehicle to carry infantry soldiers alongside the tanks, therefore an essential vehicle in the combined arms team.

LHX AND AHIP PROGRAM

Senator STEVENS. We recently sent, Senator Stennis and I, to the Army a letter requesting a budget amendment for the releasing of funds for the LHX and the AHIP program. Do you intend to submit that, Mr. Secretary, General? Are you familiar with the letter that we sent to you on March 26? We sent it to Secretary Weinberger; I assume it would come to you since it dealt with those programs.

General WICKHAM. I think it is up at Defense, but we intend to comply.

AH-64 APACHE ATTACK HELICOPTER

Senator STEVENS. Have you changed your acquisition plans with regard to the AH-64 Apache attack helicopter?

General WICKHAM. We need to see how the Congress deals with the 1988 funding stream in order to make a judgment about 1989 and beyond. We had cut off the procurement at 593 Apaches. We planned to buy 675, and it is strictly an affordability issue. But depending upon what the Congress does in 1988 we may have to adjust the total buy of the Apaches.

Senator STEVENS. Would I be wrong in saying, if what I indicated I see on the horizon as far as the budget for the Army is correct, that it would be a negative growth, that the decision would be made, as you say, to keep the end strength where it is and to reduce the acquisition of new equipment rather than changing your personnel policies or your end strength?

General WICKHAM. Yes, sir.

RETENTION OF ALL-VOLUNTEER ARMY

Senator STEVENS. Neither of you have reached the conclusion that the volunteer Army concept needs to be abandoned and we need to return to the draft, have you?

General WICKHAM. No, sir. The Secretary, I am sure, would add to this. The volunteer Army is working. We finish each year, fiscal year, a couple of months in advance with our recruiting, the best soldiers I have seen since I have been in uniform, and we are still able to bring them in. Even though unemployment has gone down, we are bringing in these high quality recruits.

And I think that even though the population base of young people continues down—and we should reach the trough here this year or next year and it will not start back up again until the mid-1990s—we believe that given the incentives that Congress has provided to us, the GI bill and the college fund and pay increases, reasonable pay increases, that we are going to be able to sustain this volunteer active Army of the highest quality ever of about 781,000.

Senator STEVENS. Do you share that feeling, Mr. Secretary?

Secretary MARSH. Yes, I do, Senator. The recruiting success that we have enjoyed has been remarkable, and I would say to you that it is a combination of two things—a plan that was developed by the uniformed leadership of the Army to do it, coupled with some strong support of some of the Congress for particular benefits, one of which, very importantly, is the GI bill. We are finding that 43 percent of our young people tell us that they would not have joined the Army but for that particular benefit.

That benefit has also been applied to the National Guard and to the Reserves, and its impact on the Guard and Reserves in many ways, some believe, has been even greater.

In reference to what is happening in the budget, the thing that concerns me, as I am sure it does you here on the Hill, is the mismatch between budget authority and budget outlays, trying to accommodate the outlays and the authority. The options left to us pose some very, very difficult choices because if you go the outlay route, as you know, we have to go into the accounts that are near-year money and existing in the readiness accounts and the personnel accounts, and that creates enormous hardships.

Our recruiting is going well. Our retention is going well. In fact, we are retaining probably in excess of what we had even projected that we could retain.

Senator STEVENS. I think that is a real problem.

OVERSEAS STATION ALLOWANCES

I have two other questions I would like to get to quickly. One is last year we put in $500 million additional money for overseas station allowances. The Department asked for another $560 million this year and in 4 months it grew from $340 million to $560 million; incidentally, it is caused by the decline in the value of the dollar abroad. We had strong urging from the Department and from you two to appropriate this new money. The current version of the bill directs the Army to absorb these costs.

I would like to know do you have that option, really, to absorb $500 million in these overseas station allowances now within your budget? Can you find that money?

General WICKHAM. We can find it, sir, but with a lot of grief, because what we are going to have to do is cut back on readiness and training. We may have to go into and get some authority to transfer funds in the backlog of maintenance, allowing the backlog of maintenance—in other words, use maintenance money. So we can find those kinds of sums, if we have to, but it will be with some grief and with loss of capability.

Senator STEVENS. Is it going to lead to a reduction in overseas force levels?

General WICKHAM. We would rather not. As you know, we have about 217,000 Army soldiers in Europe. We would not like to see any reduction come as a result of negotiations, but we do not intend to underman our units.

TWO-PERCENT REDUCTION

Senator STEVENS. You touched briefly on the problem of the 2-percent reduction. I come from a State that is one-fifth the size of the United States. As you know, at one time we had 4 full divisions in Alaska. We ended up, after the Vietnam war, with 1 brigade. You have, through the light division concept, reconstituted a partial division in Alaska; one-third of it is down in Minnesota. Is that 2-percent reduction going to bite you in the tail, General?

General WICKHAM. That is 2 percent in officers.

Senator STEVENS. I know, but you postulated a reduction going into a whole series of units. Is it going to hit the light division initiative?

General WICKHAM. I think it is going to hit the Army across the board. I could not really focus it in any area.

Senator STEVENS. But since the light division initiative is the newest organization, would it get hit harder?

General WICKHAM. I would hope not.

Senator STEVENS. Do you have any plans to do that? Let us put it that way.

OFFICER REDUCTIONS

General WICKHAM. No, sir. This is a notional kind of a structure to acquaint the people on the Hill with the implications of that kind of a reduction. Personally, sir, I think it is penny wise and pound foolish to ask the armed forces to give up 2 percent of their officers in 1988 and 3 percent in 1989. There had been good reasons for the growth in officers. Three years ago we were short 1,000 doctors and nurses in the Army; we are not now. Three years ago we did not have any aviation structure that the Congress authorized; now we have it. Our battalions have more tanks in them than we had 3 to 4 years ago, and we now have more combat capability.

So to say that the officer growth has been caused by growth of headquarters and combat service support I think is wrong.

Senator STEVENS. Well, let me just comment. I thought the policy of our defense forces, in general, was to maintain a high percentage of officer and top non-com strength in peacetime so that if we had to mobilize we could move out and mobilize rapidly in terms of acquisition of people to fill in the new entities, new units that would be created and these people could move into.

Is that still the policy and is it right?

General WICKHAM. It is a desired objective. It is not an extant policy. That is a seed corn argument and I could not agree more with it, that we are better off to have more robustness, since we would have to expand this small Army if we ever got into a crisis, than to have less robustness. So I personally think it is penny wise and pound foolish to drive the services into giving up officers.

Senator Stevens, we are going to have to give up combat officers, people who have combat experience, in order to make those kinds of reductions. If we do not, if we just say let us not take in any more ROTC graduates for a couple of years and let us reduce the accessions, we are going to have a bubble in the pipeline of officers and it will devastate our ROTC program. As I travel around and talk to ROTC detachments, these young people come up to me and say I signed up to go into the Army and now I cannot even go on active duty.

So I think your points are well taken, the serious implications of that kind of a reduction.

Senator STEVENS. I appreciate your comment, General.

Thank you, Mr. Chairman.

Senator PROXMIRE. Thank you, Senator Stevens.

Senator Johnston?

Senator JOHNSTON. Thank you, Mr. Chairman. Mr. Chairman, I would like to join with you and Senator Stevens in commending General Wickham. He has done an outstanding job. I personally have seen the quality of the Army go up every year, especially at our Ft. Polk. As we came out of the post-Vietnam blues, it has been getting better and better every year. It is really impressive and, General, I think you are to be commended.

LHX PROGRAM COSTS

Now, Mr. Chairman, I voiced my concern recently over the cost of the LHX program and have asked for a cost comparison of various alternatives for replacing the Army's 7,000 light helicopters. I have yet to see such a cost comparison. Is that the request that is over at DOD now?

General WICKHAM. Yes, sir, the cost and operational effectiveness analysis is in hand. It has not been released by the Office of the Secretary of Defense, but we are going to comply with the congressional direction here. The emerging results of the COEA show that the LHX does provide substantial savings, life cycle savings, over any alternative.

Senator JOHNSTON. Over even using the Blackhawk and the AH–64?

General WICKHAM. Yes, sir.

Senator JOHNSTON. How is that? They are cheaper?

General WICKHAM. Basically it is because we are able to capture the technology that allows for less maintenance on an engine. Technology and mission-essential equipment that enables us to provide for less maintenance, and the integration of all of that leads to less maintenance. We are designing the LHX so that part of the purpose is to have low O&S costs, and the COEA demonstrates substantial savings over providing more of current type helicopters.

Senator JOHNSTON. Well, where is the savings? Is it in the engine or in the avionics or what?

General WICKHAM. Both, the engine, the modern technology engine, the mission-essential equipment, the avionics that go on it, the integration of them into a single aircraft, the maintenance concept, and personnel cost savings. In other words, we are talking about an LHX that is a basic aircraft to fulfill multiple functions, one type of aircraft, as opposed to a multiplicity of aircraft that we have in the Army today, old aircraft. And even with the Black Hawk and the Apache, which are superb machines—no question about it—they are entirely different and we do not derive savings from different aircraft; we are going to derive O&S savings from basically a single type aircraft.

Senator JOHNSTON. Well, there has got to be—you cannot have these new units come out with all the development costs, new LHXs, be less per unit than a Blackhawk or an Apache today, would you?

General WICKHAM. Yes, sir, I think we can because economies of scale will apply there. The LHX is a light aircraft. We are talking of an aircraft of around 9,500, plus or minus 500 pounds versus the Apache, which is close to twice that, and the Black Hawk is substantially heavier than that. We think the Apache now costs about $14 million apiece. The LHX we are looking at about $6.5 million.

Senator JOHNSTON. That is very surprising. I look forward to getting those cost comparisons. I read in Monday's edition of Defense Week that the cost of the LHX program is now $82 billion, not the $66 billion the Army had previously stated, and this in turn could be understated. I think one of our colleagues has estimated the cost as high as $128 billion. Can you tell us what your estimate of the current cost would be?

General WICKHAM. I cannot, sir, because it depends on the base, then-year dollars, now-year dollars, those kinds of things. The acquisition strategy that we may be asked to accomplish by the Office of the Secretary of Defense may prolong the development cycle in order to have more competitors involved, and that will cost more money.

It's my humble opinion, but I think the Nation needs to afford a modern technology helicopter if we are to be a world class helicopter producer. We also need to recognize the threat. The Soviets are about to field the HOKUM and HAVOC helicopters—air-to-air helicopters, very sophisticated technology. If we do not leap ahead technologically we are going to be behind the threat and behind the world technology and world production capabilities. I think that the Nation can afford it.

It is the only large R&D program in the Army. The Air Force and the Navy each have 6 or more comparable type expensive R&D programs; at least 6 in the Air Force are in that realm of multi-billions of dollars. This is the only one. Why should the Army, with a crucial need, be singled out for elimination? You know, the advanced tactical fighter, the B–1B still has some problems—all new equipment has problems—the SICM, the small ICBM program, multi-billions of dollars.

So this is the only one of the Army's.

UPGRADING OF AH-64

Senator JOHNSTON. As an alternative have you looked at upgrading the AH-64 with avionics and advanced sensors planned for the LHX?

General WICKHAM. Yes, sir. That is part of the COEA is to try to, and if the Congress in its wisdom does not allow us to do the LHX, then we will try to retrofit all of the technology that we can back onto the other aircraft. But it is not sure that the engine that we are developing, the modern technology engine, will be suitable for the Apache. The Apache is a very heavy bird, as you know.

LHX/TILT ROTOR COMPETITION

Senator JOHNSTON. Why has the Army resisted allowing the tilt rotor to compete with the LHX?

General WICKHAM. Partly, sir, largely, it is because of our concept of how the helicopter is going to perform. The dash speed of a tilt rotor is only valuable in getting to and from a point on the battlefield, a rearm/refuel point. The operational envelope of a helicopter on the battlefield for our purposes is going to be within the 40–50-knot realm, picking out targets, striking the targets, moving to a new location.

We do not need the dash speed, and we do not need to inherit all of the mechanical problems that are likely to be involved with the tilt rotors. I do not know how you land a tilt rotor if they do not tilt. If you lose one of the rotors or the connectivity between them, you do not have a stable bird. The tilt rotors, we are talking of 40-foot rotors are a big radar cross section. And I am not sure we can build a light tilt rotor.

Secretary MARSH. Senator, in that regard a great deal of the Army air assault requirements are flying nap of the earth, and we do not think the tilt rotor is a good nap of the earth type air vehicle, and yet that tactic is very essential in what we want to do.

Senator JOHNSTON. Well, I can certainly see that tilt rotor would not be useful in all its alternatives, but as a combination with the Apache and the Black Hawk, upgraded with avionics and with the latest technology, along with the tilt rotor it seems to me it would at least make a package attractive enough to look at it and try to compete it.

And I would urge that that be done because there are going to be many of us that are going to be looking at every program. Certainly we do not want to savage the Army. As an Army veteran, I would like for the Army to get its share of the pie, but we do not look at it just in terms of well, we have got just one technology program in the Army and they have got more. We have to look at all of them in the days of Gramm-Rudman to see how we can make everything fit.

I am not opposed to or accept the LHX yet, but I would certainly want to see these comparisons. When will we get those cost comparisons?

General WICKHAM. Well, it is about 5 minutes of 12, I think, in terms of a decision, and so I would say shortly. I cannot give you a fixed time, sir, but the COEA is in hand, has been for a period of time. We have got a little bit of pushing and shoving as to how we characterize the final report within the Department.

Senator JOHNSTON. I thank you, Mr. Chairman, and well done, General Wickham.

Senator PROXMIRE. Thank you, Senator Johnston.

Senator DeConcini?

Senator DECONCINI. Mr. Chairman, thank you. Secretary Marsh and General Wickham, I add my compliments to the fine job you have both done and, General Wickham, we hope your retirement leads you to Arizona, where you have family and that you do not hang around this lousy climate here in Washington.

[Laughter.]

Senator PROXMIRE. Come to Wisconsin.

Senator DECONCINI. Well, in the summertime go to Wisconsin, but the balance of the year come to Arizona.

In any event, General Wickham, I am very impressed with what you have accomplished, and also you, Secretary Marsh. I think you have done an outstanding job.

PREPARED STATEMENT

Mr. Chairman, I have a statement that I ask be submitted for the record.

Senator PROXMIRE. Without objection.

[The statement follows:]

PREPARED STATEMENT OF HON. DENNIS DECONCINI

U.S. SENATOR FROM ARIZONA

Mr. Chairman, I would like to make one brief statement before asking Secretary Marsh and Chief of Staff Wickham a number of questions. I have here in my hand "Soviet Military Power 1987," published by the U.S. Department of Defense. Here is a picture of the new Soviet HOKUM attack helicopter, now in flight testing, which will give the Soviets a significant rotary-wing air-to-air combat capability for which no Western counterpart exists.

Now, let me quote from the section entitled, "The U.S. Response":

"To meet the threat posed by the continuing buildup of Soviet military power, the U.S., in coordination with allies and friends who share common security interests, is following a dual approach. The U.S. has established strategies, policies, and programs to improve our forces and those of our allies and friends to deter Soviet aggression in all its forms . . . It seeks to maintain deterrence against conventional attacks while combating the more ambiguous forms of aggression characteristic of low intensity conflict."

Well, Mr. Chairman, I have not seen many of these so-called "strategies, policies, and programs" exhibited in the Army aviation priorities. For instance, the Apache program, according to the administration's request, would have been zeroed out in 1989. The U.S. Congress has begun to set its defense priorities. The fighting ability of this nation's conventional forces, especially given the added importance if an agreement is reached with the Soviets, would be crucial. However, the Army's ability to effectively promote, sway, and cajole their programs has been alarmingly unsuccessful. For example, 21 cents of every DOD acquisition dollar went to the Army in 1981. In 1989, it is 16 cents of every dollar. I am worried about what this means for critically important and qualitively efficient programs like the Apache, especially in 1989. I am a proud, vocal, and enthusiastic supporter of the Army but wonder why the Apache, Black Hawk, AHIP, Bradley, and M-1 tank have to be strongly supported by Congress on the Hill at the 11th hour rather than within the walls of the Pentagon.

Mr. Chairman, the U.S. Congress has before it an unusual opportunity, over the next few months, to make a compelling statement about its defense priorities. These decisions will establish and implement the strategies, policies, and programs to improve our forces and those of our allies. It is time to set these defense priorities. The Army aviation program is a vital step in this security interest.

ACQUISITION FUNDING

Senator DECONCINI. I do want to note, however, in the statement it points out, for example, that 21 cents of every DOD acquisition dollar went to the Army in 1981. In 1988 and 1989 it is about 16 cents of every dollar. I am worried what this means for critical, important and qualitatively efficient programs like the Apache, AHIP and the LHX.

Along that line, General, I show the audience—I know you have seen it—the Soviet HOKUM is an awesome-looking thing, even if it is an artist's rendition. The HOKUM aircraft and helicopter is evidence that we need to compete with the Soviet Union, and I agree with you that we have to move ahead in this technology. I am pleased that you are committed to that and believe that the U.S. can do it.

APACHE HELICOPTER PROCUREMENT

I am also greatly concerned regarding the Apache. I understand, Mr. Secretary, that the Apache prime contractor, McDonnell Douglas Helicopter, in February 1987 submitted a proposal to the Army for a multiyear procurement for 420 Apache aircraft. Can you tell us the status of the Army's assessment and response to that proposal, and perhaps General Wickham?

Secretary MARSH. Senator, I would have to get back to you on that as to precisely where it is now because that is tied up in a number of other things that the Army is having to consider. As General Wickham pointed out, the problem is not the Apache. It is very fine aircraft. The problem is affordability. We cut back before the 675 buy on the Apache because, only because, of affordability questions, and if there is additional money there for it, then certainly we want to add to the numbers of Apache we buy.

I am not certain that it would be the total 420, though.

[The information follows:]

APACHE PROCUREMENT

McDonnell Douglas Helicopter Co. has submitted a proposed modification to the existing firm fixed price contract for 420 aircraft at a production rate of seven per month. The Army has acknowledged receipt of the proposal and agrees, in principle, that multiyear procurements are inherently less costly than single year. The Army has no authorization to continue production beyond the fiscal year 1988 procurement and, therefore, cannot enter into realistic negotiations or fact finding to determine the extent of possible follow-on procurement savings.

ARMY PRIORITIES

Senator DECONCINI. Well, Secretary Marsh, I understand. I guess the problem some of us face here is "priority." Is this really a priority of the Army? Maybe it is going to be left to Congress to play this game. For example, both the Senate and House Armed Services Committees have increased the planned fiscal year 1988 buy of AH–64 Apaches. The relevant language clearly establishes that Apache procurement is to continue beyond 1989.

As you are aware, last year numerous congressional reports from both the House and the Senate made clear the desire and intent to continue Apache production and it really bothers me that the continued testimony before this body is that the Apache is important, but we cannot afford it. My question is the defense priority. It seems to me there just ought to be a higher priority, and I am continually troubled with this kind of response.

Let me go on to another item on the Apache. On March 11 of this year, Mr. Secretary, the Army Vice Chief of Staff testified before the Senate Armed Services Committee that the Army needs 1,031 Apaches to equip an active Army, the National Guard and Reserve. Previously we were told the number was 1,206. I realize the availability of funds has a direct impact on the number of aircraft that would actually be procured. Is it correct that 1,031 Apaches are required to equip the Army's total force?

General WICKHAM. No, sir.

Secretary MARSH. The planned acquisition was always reflected in the Army's 5-year plan, and that number was always 675. I know of no commitment otherwise. It would be desirable. It would be very nice to acquire an additional number of Apaches, but, Senator, I can tell you the long pole in the Army's tent is going to be people, not that this is not an outstanding piece of equipment. It is, but we place the emphasis on trying to maintain our force structure, and if we are faced with a question of cutting down our force structure and cutting down equipment, we will not cut down force structure.

Senator DECONCINI. Then the Army Vice Chief of Staff's testimony on March 11 before the Armed Services Committee that the Army's requirement of 1,031 Apaches was incorrect?

M-1 TANK BUYS

Secretary MARSH. I think you will find that our requirement for M1 tanks greatly exceeds the 8,500 that we are buying, but that is the planned buy as a part of the program, and I think you will find the Apache in exactly the same situation. I can tell you from the very day that I was the Secretary of Army I have never heard of a planned program to acquire more than 675 Apaches, and that has been shown in the Army's budget year in and year out.

Senator DECONCINI. Perhaps I do not have the correct statement from the Army Vice Chief of Staff, but I will research that and submit it to you, and I would appreciate a written response, if it is not accurate.

Secretary MARSH. I am not saying it is not accurate. I am saying what the required number is not necessarily what the planned procurement is. If you were to take the Guard, Reserve, and the active force, you could derive a requirement for that number of Apaches, but the planned acquisition, just like the planned acquisition on the M1, is a figure that is less than that which we could actually use.

General WICKHAM. That is right. On the tanks, we have a desired goal of around 12,000 M1's, but we have never had budget documents that show more than about 8,000, and so what General Thurman was referring to is kind of a desired goal of, all things being equal and adequate resources, it would be around that number. But the budget documents have never reflected anything more than 675.

Now your point earlier about the Apache, what are our priorities, we have to balance across the board for overall readiness, in terms of quality of people and procurement. You are well on the mark when you say our acquisition percentage is way down, $16 billion for the Army annually versus the other services that are in the 30's, mid-1930's, or high 1930's. And when you ask that we should buy 1 year's worth of Apaches year in and year out to get the 400, that is $1 billion extra a year just for Apaches.

We would like to have them, but we have to balance all this out in terms of priorities. Now the direction of the Congress in 1988 I think will force the Army to relook the priorities there, and we will have to see what we can do, and that is why we really have not been able to make an answer yet until we see what comes out of the 1988 authorization and appropriation.

APACHE REQUIREMENT

Senator DECONCINI. Thank you, General Wickham. Going back to the Army Vice Chief of Staff, the word that I have here is that he refers to the Army requirement for the Apache. Is requirement a desire, but not a need? Maybe I am getting bogged down here on semantics, but it troubles me when this is lifted out of his testimony that the Army's requirement is 1,031 and then you gentlemen say that the Army's need has always been 600-some. Its wish list might be 1,200 or 1,031.

Secretary MARSH. The program number is 675. The larger number of 1,206 would envision actually creating units that are not today in the inventory. The lesser figure of 1,031 are if you were to supply Apaches to all the heavy aviation units, in which event you would then abandon your high/low mix involving the Cobras and the Apaches. But a decision was made on affordability, even 6 or 7 years ago, that 675 would be the buy, and that was always shown.

Certainly I would tell you that it would be better if you could have more Apaches, but the decision was to go with the high/low mix, 1,031 on the Apaches and filled out by LHX.

General WICKHAM. Let us give you an accurate statement, an authoritative statement, for the record. I think we are all saying the same thing here.

[The information follows:]

AH-64 Apache

The 1,206 figure for AH-64's is based on a requirement in the Army force structure for 56 heavy attack helicopter battalions. The requirement by component is 612 Active, 324 ARNG, and 72 USAR. The remaining 198 aircraft are training and maintenance account requirements. Of these 56 battalions, 9 battalions (6 Active and 3 ARNG) are not scheduled to be resourced with personnel. Therefore, the Army does not intend to purchase aircraft for these 9 battalions. The number of AH-64's required to resource the programmed Active and Reserve forces is 1,031. The Army procurement objective of 675 aircraft has been reduced due to affordability to the current program of 593 aircraft. Within the 593 figure, a total of 3 AH-64 attack battalions are programmed for the ARNG. North Carolina, South Carolina, and Florida units, in that order, will receive the AH-64. As part of the LHX acquisition plan we are cognizant of the desire of Congress to bridge the production gap and are developing an update to the Aviation Modernization Plan. This will result in a new procurement objective being forwarded to Congress in June. However, procurement above 593 is dependent upon an increase to Army total obligation authority in order to maintain a balanced program.

ADEQUACY OF CONVENTIONAL FORCES

Senator DeConcini. I am not trying to pick a fight here. What concerns me, Mr. Secretary, is that as we move to what appears to be negotiations on the disarmament front with the Soviets, perhaps a zero/zero base option and a need to perhaps upgrade conventional forces in NATO, are 675 Apaches adequate to provide for the national security of this country?

General Wickham. I would say if we move toward zero/zero LR and SR-INF that all of the NATO nations are going to have to put more resources into conventional capabilities. Getting rid of nuclear weapons is not cheap, I would say that——

Senator DeConcini. So the response is no if we move toward the zero/zero.

General Wickham. Right.

Senator DeConcini. Thank you, General.

EQUIPMENT MODERNIZATION

General Wickham, the need to modernize the equipment to the Reserve components, and specifically the Apache in fiscal year 1985–86 buys, how do you assess that program going along with the indication here of the reduction of the Apaches due to what we have been discussing here, either priorities or not enough funds? Are we going to be able to modernize equipment?

General Wickham. No, sir. We are putting some in the Guard, several battalions in the Guard. We are just going to have to leave the Cobras there longer and wait.

Senator DeConcini. Will you be able to put some Apaches in the Guard at 675?

General Wickham. Yes, sir.

Secretary Marsh. There will be three battalions, one in South Carolina, one in North Carolina, and one in Florida.

M-72E4 TESTING

Senator DECONCINI. Mr. Chairman, I have a question here on the M-72E4 testing and I would just submit that for the record due to time constraints here.

I want to ask General Wickham, you have expressed some anguish, which might be the wrong term, General, and concerns about the Stinger missile being transferred or sold abroad, especially, as I understand, in regard to Central America. As you know, the Stinger is a tremendously lethal weapon. The potential for terrorism must be weighed whenever this weapon is transferred abroad and is in other country's hands.

I would like to ask you how comfortable you are with transferring this weapon abroad, what types of security controls the Army has with the Stinger, and whether or not you are satisfied that these security controls are in place and adequate when they are transferred for covert activities in another agency or to another country.

General WICKHAM. Let me give you a classified answer to that, a full answer. The short answer is the Secretary and I basically are satisfied.

[Clerk's note: A classified paper will be forwarded to Senator DeConcini.]

Senator DECONCINI. I would appreciate a classified answer as it relates to the last part of my question. General, do you have any reason to believe that the Stinger might be transferred to the contras in Central America or that they already have been?

General WICKHAM. Let me give you a classified answer to that.

[Clerk's note: A classified paper will be forwarded to Senator DeConcini.]

Senator DECONCINI. Fine. Thank you. General, in the New York Times there was an article on the Army's new generals taking command and saying that this was the most dramatic change since World War II. Five of the Army's 12 full generals will be new in their rank. Their growing pains will present problems, especially in lobbying the Hill and gaining a fair share of the budget with the other armed services. Your last day is June 30. We are going to miss you and the effect that you have had up here. What is the Army doing to make this shift in personnel not so dramatic and costly?

GENERAL OFFICER REPLACEMENTS

What advice do you have for your replacements?

General WICKHAM. Well, sir, the Secretary and I spend a lot of our time talking and ruminating on future leadership and in selecting people for promotion. The Secretary recommends to the Secretary of Defense, who recommends to the President and to the Congress those 3 and 4 stars that we pick. This just happens to be a substantial change this year, but the young people who are coming along are as competent, if not more so, than the leaders who are leaving, and we try to manage this very carefully.

We had the untimely death of a great soldier, Fred Mahaffey, here last year, and that led to some other shifting, changes as a result of that. But this is not a cavalier—I do not think you suggested that—a cavalier approach toward the building of leadership, and the Secretary of Defense is deeply involved in all of that. But, as I say, the young people are gaining on us.

Senator DECONCINI. You are satisfied?

General WICKHAM. I am satisfied, yes, sir.

Senator DECONCINI. There is no real loss to the competence and capability?

General WICKHAM. No, sir.

Senator DECONCINI. Thank you, General Wickham. Thank you, Secretary Marsh.

Senator PROXMIRE. Senator Cochran.

Senator COCHRAN. Thank you very much, Mr. Chairman.

I want to congratulate General Wickham. I understand this is probably his last appearance before our subcommittee, Mr. Chairman, as Chief of Staff of the U.S. Army. We want to congratulate him on an excellent job. I notice, in particular, that you can point to the successes of manpower and quality of personnel up and down the line in the Army, the successful effort to deal with the drug problem we have talked a lot about, improving safety. I know at last year's hearing that was a part of the discussion that we had. And I think congratulations are certainly to be given to you on an excellent job as Chief of Staff. I congratulate you.

General WICKHAM. Thank you, sir.

RESERVE PARTICIPATION IN BUDGET FORMULATION

Senator COCHRAN. One question that I had, maybe someone has touched on this, Mr. Chairman, is the opportunity for input into the budget process that the Guard and Reserve forces have. I know in our State, for instance, the Guard and Reserve is supported very enthusiastically by employers, by the citizens, by State government. To give you an example, we are having a hard time in our State stretching the tax dollars to the extent that they have to be stretched to support services, but the State legislature approved the construction of seven new National Guard armories for this next year in a situation where there is a very tight fiscal climate in State government.

The Armed Services Committees here in the House and Senate have approved additional funds for Guard and Reserve equipment at a time when the overall defense budget is under a great deal of pressure. I wonder in the formulation of the budget for the Army what opportunity for input exists for the Reserve components. This is probably a question that should be directed to Secretary Marsh.

Does this budget reflect that same kind of emphasis that we hear is being placed on Guard and Reserve responsibilities. They may not be getting their fair share.

Secretary MARSH. We think the share they are getting of the Army budget is quite significant. It is continuing to grow each year. I believe this year it is about 12.5 percent of the budget. The rule for the issuance of equipment is that unit which is the first to fight will receive equipment first. If that is a Guard unit, it gets it first; if it is a Reserve unit, it gets it first; if it is an active unit, it gets it first.

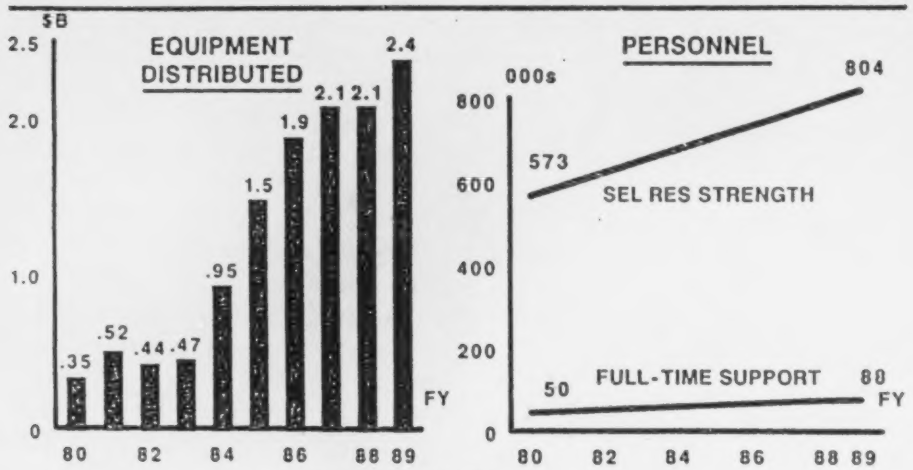
But there are instances, Senator, where Guard and Reserve units have more modern equipment than the active force. That is true of the M1 tanks in North Carolina, and Apaches—in the earlier conversation we had here—Apaches will be issued to Florida and they will be issued to South Carolina. They will have Apache battalions.

General Wickham showed a chart here a little while ago that showed the enormous ramp-up of Guard and Reserve. I would say to you in the method in which the budget is being put together at every preliminary stage there is an opportunity through the Chief of the National Guard Bureau, the Director of the Army National Guard and the Chief of the Army Reserve to make changes. They are full participants in the budget process and work with people like General McCall and others in developing the budget, assigning their needs and requests, and taking that share which is consistent with their mission and what they need.

And we think that the growth that has been shown there is a reflection of the emphasis that we place on their participation.

General WICKHAM. Those individuals have a key role to play in the budget development process. The Chief of Army Reserve and the Chief of the Guard sit on the budget committees and so they have a voice, and if they feel the resources are inadequate they have access to the Secretary.

RESERVE COMPONENTS



. . . FIRST TO FIGHT

. . . FIRST TO BE EQUIPPED

RESERVE COMPONENT

General WICKHAM. The left part of the slide there, Senator, illustrates the enormous growth in value of resources going to the Guard and Reserve. You see back in the early 1980s they were only getting about $.5 billion a year; and now it is $2 billion-plus for just equipment alone. It does not say anything about training and it does not say anything about construction of facilities and those kinds of things. It does not say anything about simulators.

So I think we are putting our money where our mouth is in terms of strengthening the Guard and Army Reserve.

FUTURE OF TANK PROGRAM

Senator COCHRAN. There has been some question about the future of the tank program, the M–60 tank, for the Army. It is becoming more and more apparent that there probably will not be the funds available to replace M–60s with M1 tanks for the Guard fleet. What is the likelihood, therefore, of there being some kind of refurbishing program or improvement program for the M–60 tank to keep it in service, to modernize it so that it can take up the slack there and provide the Guard with effective tanks as they assume a greater role in the future?

Secretary MARSH. All the M-60 tanks will be upgraded to an M-60A3 model by, we believe, 1990. That is our target date. I would say to you, Senator, that a number of active units also have had the M-60A3. Some Guard units have the M-1 and not the M-60A3. But by 1999 I think you will find, certainly by 1991, every Guard and Reserve—there will not be an unupgraded M-60. They will all be M-60A3s and they will be issued to the Guard, the Reserve, and some to the active force.

Senator COCHRAN. Thank you very much, Mr. Chairman.

Senator PROXMIRE. Thank you, Senator Cochran.

BATTLE-READY CONDITION OF EQUIPMENT

General Wickham, according to an April 24 report by the GAO thousands of Army trucks, tanks, armored personnel carriers, self-propelled Howitzers are not battle-ready, despite repair records indicating that they are in combat condition. First, is that report correct; and, second, is inadequate recordkeeping giving Army leaders too optimistic a picture of the condition of their equipment, as the GAO reports?

General WICKHAM. Well, I will have to give you a full answer when I take a look at the GAO report, but I think that our representations about readiness are accurate.

Senator PROXMIRE. You have not had a chance to review that report?

General WICKHAM. Well, not the specific one you are referring to, no, sir. It does not ring a bell.

Senator PROXMIRE. Well, of course, the GAO, on the basis—this was reported in the May 4 Defense Week, and I quote. This is from the GAO: Inadequate recordkeeping and reporting provide Army management a more optimistic picture of equipment conditions and status than actually exists. That seems a pretty serious charge and I hope you will look that over and give us a report for the record.

General WICKHAM. Yes, sir. Defense Week may not be an authoritative accounting of what actually is in the GAO report.

Senator PROXMIRE. Well, the GAO is pretty authoritative.

General WICKHAM. Oh, yes, sir, no question about that.

[The information follows:]

GAO REPORT ON EQUIPMENT

We do not believe the quantities of nonoperational equipment identified by the GAO reflects the true not-mission-capable figure. The GAO report is based on faults found during maintenance inspections, while readiness reporting is based on the number of days an item is not mission capable. When an item, such as a tank or truck, is repaired by the end of a work day, it is carried as mission capable for that day. Many of the faults listed on the inspections would normally be corrected within a few hours and not result in "down" day. The report states that at one location, when the inspectors, "gave units 2 hours to correct defects, the number of operational vehicles increased from 51 to 83 percent." In addition maintenance inspections list equipment inoperable for certain items, such as horns or warning lights, which are required for peacetime use but are not necessary for combat mission capability. Thus there are valid reasons for differences between number of tanks or trucks found to be not operational, and the number which are not mission ready for a day.

We do believe that the report is a strong indicator that our unit maintenance and recordkeeping needs improving. We have taken action to improve our problem areas. We have improved training for equipment operators, and their supervisors and the proper use of test equipment has been stressed. Maintenance policy regulations have been changed to state in positive terms that commanders at all levels will be held accountable for the conduct of maintenance operations and reporting. Additionally we are also considering ways to independently validate unit readiness reporting and to verify that our equipment is ready to fight. We have the problem and solutions well in hand.

AMMUNITION AND EXPLOSIVES CONTROL

Senator PROXMIRE. Now, Secretary Marsh, last December the GAO reported that large amounts of explosives and ammunition were being stolen at Ft. Bragg. What has been done to clear up that problem and to keep better track of the ammunition?

Secretary MARSH. First, Senator, I would say to you that keeping some overall total national control of ammunition and explosives has been a problem that has plagued us for a number of years. What we are seeking to do now is to reverse the system whereby we are managing this. Instead of a unit telling us how much they are going to need, we try to program at the national level what we anticipate they are going to have and control the allocation or the issuing of the ammunition to them from a more centralized national control system.

We believe that by doing that, where we retain the initiative and control of the system, that we will eliminate a number of these types of complaints. From my own military service, I can tell you one of the most difficult things you have to do with soldiers at times when you go on the range is they take ammunition and they put it in their pockets and will not turn it in. Consequently, units, we have found, in the past draw too much ammunition, more than they really need for training.

So what we are trying to do is develop patterns, put it in computerization and then be able to tell units this is how much ammunition you will need to draw. Therefore, when we make our inventory we will have the control figure and we will be able to identify how much was issued.

Senator PROXMIRE. That is helpful. It seems to me that that could be a very serious problem. It is not simply a matter of loss to the taxpayers; it is a matter of criminal elements and other, maybe even foreign countries getting control of this ammunition.

Secretary MARSH. It is a serious problem and this is one that General Wickham and I have both spent a lot of time and agony on. John, do you want to add to what I said?

General WICKHAM. Well, I believe that we have done everything that is humanly possible to get everyone's attention about the seriousness of this. But to say that it is not going to happen and losses are not going to happen and criminal elements may not obtain munitions is beyond our ability to predict.

But I think that we have done precisely the kinds of things that we have to do to tighten our control over munitions as well as weapons.

CUTS IN DEFENSE DOLLARS

Senator PROXMIRE. Now earlier today we heard a question from Senator DeConcini about the Army dropping from 21 cents of the defense dollar down to 16 cents of the defense dollar. I would like you to look way ahead—I mean 25, 40, 50 years ahead. We have a deployed SDI, Strategic Defense Initiative. According to former Secretary of Defense Harold Brown, who is also head of the Livermore Lab and also a world-class physicist and probably knows more about this than just about anybody, it will take to maintain, modernize and operate the SDI between $100 billion and $200 billion a year in 1986 dollars—say $150 billion.

That is half of the entire amount we spend on the military. Now what happens if we cut the Army in half, as well as the Navy, Air Force, et cetera? What happens if we cut the Army in half in order to provide funding for maintaining a strategic defense initiative? Would it have a devastating effect, in your view? Could we operate if we had the SDI on the one hand and half as big and strong and well-equipped and Army as we have today?

Secretary Marsh?

Secretary MARSH. Well, Senator, first in reference to the figures you mentioned, I believe those were procurement percentages on the dollar. The Army's percent of the dollar runs around 25, 26. It has gone up a little bit. We would like for it to go up more, and we would tell you that we could use more money, as could the other services.

I think it is difficult to respond to a question that is hypothetical as of that time. I believe that the need for the maintenance of world peace and stability in a world in which most of the conflicts that have been fought are of the low intensity types, that are in the lesser-developed areas of the world, is going to require a significant military capability of a conventional nature, of a type that we are seeking to develop here in the Army, and that our requirements hopefully would be less.

But in the world in which we live I think we have to anticipate that they may be greater. So consequently I would say to you that I think the country would have to find the means to maintain the conventional forces. The SDI concept we certainly support. It hopes to achieve a very, very noble end. And I feel confident that we have to pursue both tracks in order to achieve those end results.

Senator PROXMIRE. Well, apropos of both tracks and to bring it up to a more immediate problem, how much are you spending on the SDI program compared to your technology base program? I realize that the amount you are spending on SDI does not come from the amount allocated to you but from the Defense Department, as I understand it.

Secretary MARSH. I was going to say of the SDI program that I believe the Army is spending somewhere around 33 percent.

General WICKHAM. Right.

Senator PROXMIRE. The figures I have are $1 billion for SDI and $850 million for the technology base; is that wrong?

General WICKHAM. The $1 billion is about right. I think it depends on how you define tech base. I think they are about comparable. The SDI money is fenced. It comes to us.

Senator PROXMIRE. Well, to some of us that seems like an unfortunate distortion.

STINGER MISSILE

Let me follow up on the Stinger question. The U.S. is transferring the technology to build—now I stress build, the word "build', not just to transfer the Stingers but the technology capability to build Stingers—to 4 European countries. How sure are we that they will protect the technology and the final product from being transferred to the wrong people?

Secretary MARSH. Somebody other than ourselves I believe should respond to that to address the security requirements, but my own view of it is that I have confidence in their capability to safeguard that.

LHX PROGRAM

Senator PROXMIRE. Let me ask you a question about the light helicopter experimental, LHX, the Army wants to build. The Army proposes to buy 5,000 of these helicopters primarily as attack aircraft, at a cost of up to $82 billion. Now the Congressional Budget Office, however, has reported that we could save $800 million in budget authority in fiscal year 1988 and $1.4 billion over the next 5 years if we extend the Army's current attack and utility helicopter programs instead of proceeding with the LHX.

Would you comment on that proposal as an alternative to the LHX?

General WICKHAM. Yes, sir. Actually we are talking of only about 4,168 LHXs, which would replace——

Senator PROXMIRE. Instead of 5,000?

General WICKHAM. Yes, sir, which would replace 6,500 older helicopters that could go into FMS or just be scrapped. We have to get rid of those old ones because if we do not the average age of our helicopter fleet by the mid-1990s is going to be 20 years of age. So the one alternative is to buy more of the current type of helicopters, the current technology as well as yesterday's technology.

That is an alternative. It does not lead to long-term life cycle savings that we anticipate from the LHX, nor does it capture tomorrow's technology. And you have got to get all those in terms of making a judgment should we proceed with the LHX at the expense of existing technology helicopters or buy more of existing and not proceed with the LHX. I believe that we have to proceed with the LHX.

BRADLEY FIGHTING VEHICLE

Senator PROXMIRE. Secretary Marsh, there are reports that the Bradley fighting vehicles are gathering dust in the manufacturer's plant because deliveries of TOW missile sights are at least 2 months behind. First, how many Bradleys are going to be backlogged at the plant because of that sight problem? Do you have those figures?

Secretary MARSH. I am not aware of that, Senator. I will check on it.

Senator PROXMIRE. I also wanted to know whether the number will increase, what is the Army doing about it, and what is the status of your plans to second source the TOW sights.

Secretary MARSH. We will get back to you on that.

[The information follows:]

BRADLEY FIGHTING VEHICLES

As of April 30, 1987, there were 105 Bradleys parked at FMC Corp. due to missing TOW integrated sight units [ISU], which are produced by Hughes Aircraft Co. Contract delinquencies are forecasted to increase to 181 ISU's during July 1987 and then begin to recover. Contract recovery is projected for March 1988. The current production contract (fiscal year 1985) for ISU's contains a liquidated damages clause which assesses Hughes $133 per day for each Bradley Fighting Vehicle delayed because of delinquent TOW items. Maximum contract liability is $2.1 million. The TOW project office has informed the procurement contracting officer to exercise the liquidated damages clause. The Defense Contract Administrative Service plant representative at FMC Corp. maintains the records of deliveries and has been tasked to make a one-time submission of the total Hughes delinquencies on the fiscal year 1985 contract. Computation of the total penalty will be determined in June 1987 when the last item on this contract is delivered. The fiscal year 1986 contract contains a liquidated damages clause that assesses Hughes $1,500 per vehicle delayed because of missing TOW components (ISU, launcher, or cables) plus $56 per day for each day that vehicle is delayed in delivery to the Government. Maximum contract liability is $2.1 million. The fiscal year 1987 contract is in the process of being negotiated and a liquidated damages amount has not yet been established. Second sourcing of the TOW 2 subsystem was approved in November 1986. A request for proposals was released on November 13, 1986. Proposals were received from five companies and best and final offers were received on May 1, 1987. Contract award is projected for May 1987.

BRADLEY FORDING OF WATERWAYS

Senator PROXMIRE. Let me ask you a couple of further questions about the Bradley vehicle. According to documents just made public, FMC Corporation, which makes the Bradley, told the Army 2 years ago that the personnel carrier cannot safely ford waterways. FMC asked the Army to drop the requirement that Bradleys be able to swim, but the Army refused to do so; is that correct?

General WICKHAM. I do not know that FMC ever put that in a formal document. The swimming need of the Bradley, the swimming requirement has always been there. It was with its predecessor, the 113, and it is with the Bradley. And the fixes that are on the Bradley to make it swim came as a result of FMC and the Army working together.

FORDING SPEED OF BRADLEY

Senator PROXMIRE. Now according to these documents FMC safety officials said that the Bradley should not cross streams at speeds above 2 miles an hour but the Army requires the Bradley to go twice that speed. Is that correct and is the Army requirement creating a hazardous condition for people riding in the vehicle?

General WICKHAM. We have had to scale back the requirement in terms of the ability of the Bradley to swim, that is right.

Senator PROXMIRE. Now according to a recent issue of the Army's Countermeasures Safety magazine soldiers have encountered a number of other problems with the Bradley. They include a bracket on the vehicle's parking brake that does not work, electrical connections that overload or burn out when the Bradley is operated at high temperatures and for long periods, vibrations in the Bradley's engine that can cause cracking of the oil cooler.

Are those legitimate complaints?

General WICKHAM. Probably are, and we are in the process of fixing every one of those. Those are basically minor things. If you bought a new automobile recently, Senator, you realize that in any kind of new production you are going to get some bugs.

Senator PROXMIRE. Well, I hope I do not buy one that has the fate of the Bradley. I certainly will not try to swim with it.

General WICKHAM. Just look at the recalls that are occurring with the commercial industry.

COBRA SAFETY INSPECTIONS

Senator PROXMIRE. Secretary Marsh, the Army has been conducting one-time safety inspection of 750 of its AH-1 tank-killing Cobra helicopters. That is about 75 percent of the entire fleet. The Cobras were grounded on December 22 after a limited inspection found cracks in the rotor assembly component of 3 of the aircraft. Has your safety inspection been completed and what has it turned up?

Secretary MARSH. I can get you the final report on that, Senator. I will tell you that the attitude of the Army involving safety in general and aircraft safety in particular is any indication of a problem with an aircraft—we had one recently with the Black Hawk—is to ground it until we can find out what the problem is, fix it, and then put the fleet back up in the air. And I can get you the report on the Cobra.

[The information follows:]

COBRA

Five hundred and eighteen AH-1 COBRA aircraft and 63 spares (1,099 total root fittings) have been inspected. Although no additional cracks were found, 112 parts failed the ultrasonic inspection criteria and were replaced with serviceable fittings. Design and qualification of a new fitting is underway with fielding expected to begin in approximately 18 months. The ultrasonic inspection will be repeated across the fleet every 120 days, in the interim.

NEW CHIEF OF STAFF VIEW ON LIGHT DIVISION

Senator PROXMIRE. Senator Stevens.

Senator STEVENS. Thank you, Mr. Chairman. Mr. Chairman, Senator D'Amato has some questions he would like to submit for the record. It has particular questions for General Wickham. They follow up, as a matter of fact, what I was asking, whether or not the changes that we see that will be needed to comply with the new law will affect the light divisions and what you believe the new Chief of Staff of the Army will pursue as a policy with regard to light divisions.

I would urge him to answer that question.

General WICKHAM. Just a comment, Senator.

Senator PROXMIRE. Let me just interrupt for a minute, General. The questions will be in the record and you will submit your response for the record. Why don't you go ahead? I am sorry; I did not mean to interrupt you.

General WICKHAM. Senator Stevens, General Vuono, in many ways, was involved in developing the light divisions when he was out at Ft. Leavenworth, so part of the decision process that the Secretary and I went through in selecting him was the fact that he understood the light divisions and where they were headed.

ARMY POSTS' RELOCATION

Senator STEVENS. I have just a general philosophical question to ask you. I see major industry moving out of New York. The primary motivation was the income they would receive for the sale of their assets in New York City. If you look at the Army bases of the country, a lot of them were located out of town in the pre-World War II days and now they have been completely engulfed by the urban sprawl that has come since those bases were established.

Has the Army in your period of service—and Mr. Secretary, you might want to comment—has the Army looked at whether or not it would be cost advantageous to try and follow the same policy of disposing of these very high valued properties and moving now into more remote areas where they would have more training available? I point out with a little provincial pride a lot of that area would be in Alaska.

[Laughter.]

Senator PROXMIRE. There would even be some in northern Wisconsin.

Senator STEVENS. It is true, though. We see these areas, the bases, particularly Army bases, that are engulfed by the urban sprawl. Have either of you ever pursued it to see whether that would be to the cost advantage? Suppose we passed a law that said whatever money you would get from the sale of that property you could use for modernization?

Secretary MARSH. Well, Senator, I can tell you that just about any effort that you make to move anything creates an enormous backlash in the Congress. There were some recommendations in the Grace Commission for certain disposition of assets that were in more urban areas, but I do not know that too many of them have come about. One of those, I think, that was discussed was Ft. DeRussey and that is one of the most controversial issues that you have here on the Hill, the disposition of DeRussey in Hawaii.

There are beginning to be more encroachments of urban areas into military facilities where the urban area wants to acquire portions of the military facilities for either residential or commercial development which is causing us increasing problems in some places. But our experience has been that it is extremely difficult to try and move any of those facilities.

Senator STEVENS. You think the investment in those facilities is so great that even if you could get such a tremendous return from change now that it would not be in the best interests of the Army to pursue it? Is that what you are saying?

Secretary MARSH. I do not see that trend, Senator.

Senator STEVENS. Thank you. Thank you, Mr. Chairman.

Senator PROXMIRE. Senator Cochran.

ARMY BUDGET CUTS

Senator COCHRAN. Let me just have one other question. You know, there is a tremendous amount of pressure right now looking at the appropriations process, the budget resolution, to cut spending in the defense area. This question may have been asked, but what if the Congress really implemented the provisions of the budget resolution that has passed both the House and the Senate, what would that do to the Army? Where would you have to make the cuts to come down to the numbers?

Secretary MARSH. Well, first, Senator, it would be very devastating. It would be, in our view, very crippling to the national defense. It would have a very adverse impact on the Army. And the thing that I mentioned earlier is under your current resolution you have a budget authority of one figure and you have an outlay authority of another. Whenever you move into the outlays we have to go into near-year money, personnel, readiness, operations and maintenance, training, flying hours.

So if we have to implement those types of outlay reductions to get budget authority reductions you are going to have to make decisions that will undo all the good things we have been doing, because you are going to have to go against your personnel to get money. You are going to have to reduce training. You will have to reduce operations and maintenance because it is also near-year money.

I would say to you we do not quite understand how you are going to get there from here as you look at the various guidelines that have been adopted but have not been fully enacted into law dealing with the mismatch of budget authority and outlays.

The average spend out rate is about 56 cents on a dollar because some of that money is spent this year and some is spent next year and two years down the road. Under the one resolution, not yours, but another, we will be required to spend at the rate of about 68 cents a dollar, which means that we would have to spend 12 percent more than we normally spend. That would be a very, very difficult situation for us.

Senator COCHRAN. Thank you, Mr. Chairman.

Senator PROXMIRE. As I understand it—that is an excellent question Senator Cochran asked. It would have to be a 14 percent cut with no discretion. It would have to go to each appropriated account and that would mean a cut in outlay 1988. That would cut manpower, maintenance, et cetera. So you are telling us that would have a devastating effect.

Secretary MARSH. Yes, sir.

General WICKHAM. Gosh, there has got be a better way to run our government than on some arbitrary template of thou shalt go into every program element and cut a fixed amount, because it just leads to foolish decisions on the part of the chief executive officers.

Senator PROXMIRE. So the manpower cut itself would be enormous. You would have to eliminate virtually divisions.

General **Wickham**. As you know so well, your outlay money is in the personnel accounts. It is 95 percent first year outlay. Modernization depends on which year you go in to cut out. The first year may only be 15 percent on the dollar that you cut out of procurement. And in sustainability it may only be 40 percent on the dollar. So, in other words, to get one dollar's worth of outlay you have got to kill $2 worth of program.

Senator **Proxmire**. Gentlemen, thank you very, very much. You have certainly been excellent witnesses and you responded to a variety of questions from just about every angle and responded very, very well.

SUBMITTED QUESTIONS

I am going to ask unanimous consent that additional questions from Senator Stennis may be placed in the record for response by the Department together with other questions.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY CHAIRMAN STENNIS

MODERNIZATION VS. READINESS

Senator Stennis. Secretary Marsh, a clear indication of the Army's decision to slow modernization and maintain readiness is the percent of the budget you have allocated to each. The Fiscal Year 1988 thru 1992 Program Objective Memorandum shows 15 percent of the Army's budget allocated for modernization and 76 percent for readiness. This is in contrast to the more balanced Air Force program of 40 percent for modernization and 53 percent readiness.

1. Why does it appear that the Army must pay so much more to maintain readiness?

2. Is 15 percent of the Army's budget a sufficient amount to modernize or will Secretary Ambrose's prediction of a $100 billion shortfall come true?

Secretary Marsh. The Army has developed the best program possible within constrained fiscal guidance. It is a balanced program in terms of the Total Army's capability to execute the national military strategy to meet the threat. The readiness Pillar of Defense represents the ability of forces, units, weapon systems and equipment to perform their functions, and as such includes the personnel and training accounts. Quality people, military and civilian, are the key to Army success. The Army is clearly the most manpower intensive service. Manpower costs (active military, Guard, Reserve and civilians to include their recruiting, individual training and other support costs such as housing) amount to 60% of the Army budget and only 35% of the Air Force budget for Fiscal Year 1988.

Fiscal constraints have forced significant reductions in the amount available each year for our modernization program. The Army protected readiness in the face of reduced fiscal guidance and this has extended the time required for modernization. The current procurement requests will continue the modernization effort, although more slowly than the Army would prefer. Completing the modernization program remains an urgent issue. Fifteen percent of the Army budget for modernization requires slipping, stretching and cancellation of procurement programs. I must also note that of the $16 billion budgeted in the procurement accounts, only $8 billion is available to buy combat equipment. Munitions consume $4 billion, spares approximately $2 billion, and support equipment some $2 billion. Thus, our modernization effort extends beyond the five years of the POM and we could indeed be short of the amount required without your continued help.

Bradley Fighting Vehicles

Question. Secretary Marsh, there are reports that Bradley Fighting Vehicles are gathering dust in the manufacturer's plant because deliveries of TOW missile sights are at least two months behind. How many Bradley's are currently backlogged at the plant because of this sight problem? Will this number increase? What is the Army doing about this problem? What is the status of your plans to second source the TOW sight?

Answer. As of April 30, 1987 there were 105 Bradleys parked at FMC Corporation due to missing TOW Integrated Sight Units (ISU), which are produced by Hughes Aircraft Company. Contract delinquencies are forecasted to increase to 181 ISUs during July 1987 and then begin to recover. Contract recovery is projected for March 1988. The current production contract (FY85) for ISUs contains a liquidated damages clause which assesses Hughes $133 per day for each Bradley Fighting Vehicle delayed because of delinquent TOW items. Maximum contract liability is $2.1 million. The TOW Project Office has informed the procurement contracting officer to exercise the liquidated damages clause. The Defense Contract Administrative Service plant representative at FMC Corporation maintains the records of deliveries and has been tasked to make a one time submission of the total Hughes delinquencies on the FY85 contract. Computation of the total penalty will be determined in June 1987 when the last item on this contract is delivered. The FY86 contract contains a liquidated damages clause that assesses Hughes $1500 per vehicle delayed because of missing TOW components (ISU, launcher, or cables) plus $56 per day for each day that vehicle is delayed in delivery to the government.. Maximum contract liability is $2.1 million. The FY87 contract is in the process of being negotiated and a liquidated damages amount has not yet been established. Second sourcing of the TOW 2 Subsystem was approved in November 1986. A request for proposals was released on November 13, 1986. Proposals were received from five companies and best and final offers were received on May 1, 1987. Contract award is projected for May 1987.

M-1 Tank Live Fire Testing

Question: General Wickham, the Committee has been told that the Army plans to conduct live-fire survivability tests of the M-1 tank. We understand that this will be a 2-year effort. 1. How much will this test program cost and where is it in the budget? 2. When do you plan to start testing and when do you plan to be complete? 3. If the shortcomings are identified in the test program, does the Army plan to go through another block modification program on the M-1?

Answer: The entire test program currently is budgeted for $57.2 million, not counting the six fully loaded tanks dedicated to the program which cost an additional $12 million. The $57.2 million includes $36.6 million procurement dollars contained in the Abrams Procurement Program (SSN G82916) and $20.6M RDT&E funding contained in the Combat Vehicle Improvement Program (PE 23735A) more specifically, within the M1A1 Block II project.

The Abrams Survivability Test Program Live Fire (ASTP-LF) is a two-phased effort. Phase I is a 12-month effort beginning in August 1987. Phase II is envisioned as a 6-month effort beginning at least 6 months after Phase I is completed. Phase I is funded primarily from procurement because it is testing of production vehicles within their current performance envelope. Phase II is funded primarily from RDT&E because it includes fabrication and testing of the improvements beyond the current performance envelope, suggested by Phase I results.

The Abrams was designed with great emphasis on crew survivability, and we have been shooting at the full Abrams tank or at its sub-components since 1972 in various tests to validate and improve armor and other survivability features. Thus, we do not anticipate any earth-shaking survivability issues to result from the testing.

We will deliberately be shooting at the tank to penetrate the armor. It should be no surprise that given the right munitions fired from the right angles, even the Abrams can be penetrated. Tanks are designed with tradeoffs among protection, firepower, and mobility. We gave up some degree of armor protection in some areas in order to keep weight to a reasonable level. These tradeoffs in protection levels were based on careful analysis of most likely enemy shot directions. All this notwithstanding, it is important to emphasize that the Abrams is probably the best armored tank in the world. This does not mean, however, that it is invulnerable.

In specific answer to the third question, we do not anticipate a major block modification to the Abrams resulting from these tests; but, we do anticipate that some improvements to the Abram's overall survivability will suggest themselves. These will be designed and validated in Phase II; and, if appropriate, will be incorporated into production. We will budget these improvements as engineering change orders in production or under the Abrams modification program.

DIVAD REPLACEMENT

QUESTION: Secretary Marsh, neither of the Armed Services Committees have approved procurement funding for the DIVAD Replacement. What effect does this have on your plans to procure a line of sight, heavy forward system?

ANSWER: The Army's acquisition strategy is embodied in the Request for Proposal (RFP) currently out to industry for bid. This non-developmental item (NDI) strategy focuses on earliest possible fielding of a capable line of sight system to meet our critical need. We will then grow the selected system to meet the evolving threat. While we expect proposals tailored to each offeror's production capabilities and proposed system production status, we have set a target of first unit equipped in Fiscal Year 1990 and a 1992 completion of fielding to our four divisions in Europe. While the Army will still have an executable program if we receive the funding as recommended by the Senate Armed Services Committee, it will be at the expense of early fielding. A schedule stretch-out will be required. The Senate Armed Services Committee mark provided an increase of $42.5 million in Fiscal Year 1988 RDT&E funds while reducing our procurement account by the same amount. We will use the additional RDT&E funding to acquire pre-production fire units with which we will conduct an initial operational test and pre-production tests. This testing is desired to fully confirm that the selected system meets our requirements and is ready for production. We will need an additional $67 million in Fiscal Year 1989 RDT&E to perform the testing and analyze the test data. The Fiscal Year 1988 House Armed Services Committee mark would not permit continuation of the program except at a level of further study and analysis. If long lead procurement funding, is added to the budget we could field earlier. Without long lead the earliest we could begin procurement would be Fiscal Year 1989 and fielding would not begin until late Fiscal Year 1991. Our cost estimates indicate that $33.5 million in long lead procurement funding in Fiscal Year 1988 could reduce the fielding time by 8-12 months.

QUESTION: Will you still have a source selection by 26 November 1987?

ANSWER: We plan on making a source selection by 26 November 1987. We will begin our test on 1 July 1987 and provided we do not have significant problems with weather, instrumentation, or equipment we will have a source selected by the 26 November 1987 date.

QUESTION: How much money, in all accounts and all years, does the Army have available for the heavy forward system?

ANSWER: When we prepared the Fiscal Year 1988 - 1989 Budget the LOS-F-H program had not been completely defined and costed. Since that time we have increased the manning in our program office and structured the program. We have also compiled a realistic cost estimate which can execute the program as near to the present budget as possible. The following table reflects funds as submitted in the Fiscal Year 1988 - 1989 budget and required funds we believe will be needed over the next two years:

Fiscal Year's		86	87	88	89
PE 63757 RDTE	Available	33.2	21.7	0.0	0.0
	Required	33.2	21.7	58.0	12.0
PE 23801 PIP RDTE	Available	0.0	0.0	16.6	13.8
	Required	0.0	0.0	1.0	3.0
Procurement	Available	0.0	0.0	59.5	264.0
	Required	0.0	0.0	59.5	264.0
Long Lead	Required	0.0	0.0	33.5	0.0

QUESTION: If you do not get procurement dollars in the Fiscal Year 1988 bill, how will you restructure the program and how much money, in which accounts, will you need to accomplish this restructured program in Fiscal Year 1988 and Fiscal Year 1989?

ANSWER: We planned to procure pre-production fire units, missiles and peculiar support equipment with Fiscal Year 1988 procurement funds for test and subsequent issue to the training base. The requested RDTE would fund Fiscal Year 1988 technical and operational testing necessary to support a full scale production decision. Without the requested procurement dollars, we would buy the hardware for test with RDTE funds. We would not have enough money left in Fiscal Year 1988 to conduct the test and would be forced to request a plus-up of $67 million in Fiscal Year 1989 to complete hardware buy and conduct the testing. From Fiscal Year 1989 on, we would follow our planned procurement program. The following table provides our budget requirements should Fiscal Year 1988 procurement dollars be slashed from our budget request.

Fiscal Year's	86	87	88	89
PE 63757 RDTE	33.2	21.7	58.0	77.8
PE 23801 PIP RDTE	0.0	0.0	1.0	3.0
Procurement	0.0	0.0	0.0	264.0

FUTURE FAMILY OF ARMORED VEHICLES

QUESTION: General Wickham, the Army is currently researching technology for the next generation tank also known as the future family of armored vehicles.

1. What is the status of the study the Army intends to have completed this summer on the future family of armored vehicles?
2. What is the Army's current estimate of the cost to develop

and produce the next generation tank?

3. How many new generation tanks does the Army intend to buy and over what period?

4. Does the Army intend to continue producing the M-1 Tank until a next generation tank is available for production?

ANSWER: The Armored Family of Vehicles Task Force (AFVTF) study is on track to deliver its report in August of 1987. The AFVTF is not only looking at the tank, but a total family of armored vehicles. The AFV will be a follow-on or replacement for some 15 systems and will emphasize commonality of components. The number of and cost of a future tank is yet to be determined. The Army intends to build the Abrams tank until the next generation tank is available for production.

M60A3 UPGRADE

QUESTION: General Wickham, the National Guard Association is pushing for an upgrade to the current M60A3 Tank to a "more survivable" M60A4.

1. What is the Army's position on this potential upgrade?

2. Has the Army development community reviewed this proposal? Do they agree with the National Guard Association cost estimates?

3. Does the Army want to develop and test prototype vehicles as suggested by the Armed Services Committees?

ANSWER: Continued production of the Abrams tank is the best investment strategy for the Total Army. The Army plans to field additional M1 tanks to the Army National Guard given continued Abrams production. This plan was discussed in the Modernization and Acquisition in the U.S. Army Final Report to Congress. The Army does not support the M60A4 upgrade and does not want to develop and test any prototype vehicle. Consequently, cost estimates have not been reviewed. It is the Army's intent to provide the Army National Guard with the best tank available. That vehicle is the Abrams. Building additional Abrams while at the same time completing a major M60A3 upgrade is not affordable or needed.

Aviator Positions

QUESTION: General Wickham, we understand that the Army is considering having enlisted men serve as pilots. Could you please describe the status of the enlisted aviator proposal?

ANSWER: Headquarters TRADOC briefed a partial Enlisted Aviator program to the Army Staff. The Army Staff analyzed several additional alternatives to reducing warrant officer force structure. A final decision on adopting a partial Enlisted Aviator program was not made and no plans exist to implement the program in the immediate future.

QUESTION: What Congressional action is needed for this program to proceed?

ANSWER: A change to United States Code Title 10 section 3691 would be required at a minimum as it provides that only officers (commissioned and warrants) of the Army may be rated as flying officers. If the enlisted aviators are to receive aviation incentive pay, Title 37, section 301A of the United States Code must be revised to authorize pay to other than regular and reserve officers.

Warrant Officer Aviators

QUESTION: General Wickham, the Army uses warrant officers for many of its pilot positions. How many more officers would the Army require if it converted to officers only for pilots as is the case for the Air Force and Navy?

ANSWER: Replacing warrant officer pilots on a one for one basis would require approximately 6,500 commissioned officers in FY 87.

COST OF MAINTAINING TROOPS IN EUROPE

QUESTION. Secretary Marsh, in view of the high cost of maintaining U.S. soldiers and dependents in Europe, and the extra expenses now associated with the falling dollar exchange rate, what is the Army doing to reduce the cost of maintaining troops in Europe?

ANSWER. Not as an attempt to reduce the high cost of maintaining soldiers in Europe, but as a by-product of other initiatives, the Army anticipates some savings by reducing the costs associated with moving soldiers to and from Europe. Several programs have been implemented to provide incentives to soldiers in Europe to stay longer. These include the Consecutive Overseas Tour (COT) and Inplace Consecutive Overseas Tour (IPCOT) programs, and the extension incentives program. Additionally, tour length for first term soldiers was lengthened from eighteen to twenty-four months. The savings from these programs will allow the Army to hold to the congressional cap imposed on the PCS program, will provide the extra benefit of helping to reduce the costs of maintaining soldiers in Europe and it will enhance stability.

ARMY ROUNDOUT PROGRAM

QUESTION: General Wickham, this committee has recently held hearings on the Army Roundout Program. We were told that Reserve roundout units are among the most ready in the total force, while only costing a quarter (¼) as much as active units. General Wickham, wouldn't you agree that the taxpayers are getting their money worth? Why doesn't the Army create more Roundout Association?

ANSWER: A significant portion of the Army's combat divisions and separate brigades have roundout associations. Of the eighteen active component divisions, five CONUS based divisions have roundout brigades, and an additional three divisions have roundout battalions. Two separate brigades have roundout battalions and numerous others have roundout companies. Forward deployed divisions are not rounded out.

Because roundout units have the same priority for deployment, equipment and equipment fill as their active component unit of association, the readiness of these units is comparable to that of many other active component units.

These roundout associations are a cost effective means of allocating defense dollars and additional associations are planned among all three components of the total force.

However, the requirement to maintain a credible force which can deter or defeat any threat, necessitates a carefully planned and programmed balance between Active and Reserve roundout associations. A number of fully trained and equipped divisions are required for rapid deployment. These units by necessity must be composed of active units which require no mobilization. Therefore, readiness must be given considerable weight in determining the proper ratio of active and reserve roundouts.

Roundout associations will continue to be considered when structuring the total force and will be utilized where feasible and prudent to do so.

READINESS

QUESTION: General Wickham, in your opinion, what is the single most important factor for maintaining and improving Army readiness?

ANSWER: As you know there are multiple components of readiness; structure, doctrine, modernizing and equipping. We have made great strides in all these areas. Our SOF initiatives as well as lightening the divisions have provided more combat power, our Air-Land Battle doctrine sets forth how we, in conjunction with the Air Force, plan to fight the deep battle. Due to the help of Congress we have dramatically increased combat capability as well as our equipment posture. However, our most important determinant of readiness in the Soldier. I described in my prepared statement our lower rates of indiscipline, our record number of high school graduates and our Unit Manning initiative that builds a cohesive, ready force. Those of you who have visited the troops lately, through QUICK LOOK or other visits, will bear me out. These are the finest soldiers we have ever had, and it is soldiers that win battles and ultimately wars. I would ask you to continue your support of the soldier with people programs such as the New GI Bill and health care enhancements.

OPTEMPO

QUESTION. General Wickham, what is the difference in cost for the Army if OPTEMPO were set at 750 miles in FY 1988 instead of 850 miles as currently requested?

ANSWER. If ground OPTEMPO was reduced to 750 miles, a reduction of $78 million would be made to funding support of POL and repair parts. This assumes OPTEMPO for FY 1989 and 1990 remains at 850 miles. Any reduction made in the FY 1988 budget for depot maintenance and/or procurement of secondary items will force a reduction in FY 1989 and FY 1990 OPTEMPOs because of their one- and two-year lead time. The Army's current request of 850 miles sustains training readiness of the majority of reporting units within the C1/C2 readiness band (combat ready, no deficiencies/combat ready, minor deficiencies). At an OPTEMPO of 750 miles, a majority of the units would be expected to report training readiness in the C2/C3 band (combat ready, minor deficiencies/combat ready, major deficiencies).

U.S. Southern Command

QUESTION: General Wickham, the 1988/1989 Budget request indicates that, for FY 1988, the Army estimates it will have almost 30% more military personnel in U.S. Southern Command than originally projected. What has brought this increase about?

ANSWER: The Army component of U.S. Southern Command is U.S. Army, South (USARSO). The change in manpower reflected on page 24-9 of the Department of the Army, Justification of Budget estimates for FY 88/89 is not an actual increase in the number of manpower authorized to USARSO but rather reflects the realignment of manpower from other program elements/budget activities to the South Forces Budget Activity. An example of such realignment is the 3d Special Forces Bn, 7th Special Forces Group, 1st Special Forces unit located in Panama which formerly was carried within the CONUS Forces Budget Activity but is now part of South Forces Budget Activity. The authorized TDA military end strength of the Army component command USARSO remains at the same level approved by Congress.

PERSHING II IN EUROPE

QUESTION: General Wickham, what is the cost of operating and maintaining the Pershing II missiles in Europe?

ANSWER: The operation and maintenance costs for FY 1987 are $17.5 million.

TRAINING HOURS/FLYING HOURS - NEW AVIATORS

QUESTION. Please provide the training requirements/flying hours required for aviators when they leave primary flight training at Fort Rucker.

ANSWER. Estimated training/flying hours required for new aviators completing undergraduate flight training are as follows:

CURRENT STRATEGY

AIRCRAFT TYPE	ADVANCED TRAINING (FLYING HRS/WEEKS)	UNIT TRAINING (FLYING HRS/WEEKS)	TOTAL PER AVIATOR (FLYING HRS/WEEKS)
UH-1	0/0	10/3	10/3
OH-58	0/0	10/3	10/3
UH-60	25/6	30/18	55/24
AH-1	33/6	35/18	68/24
AH-64	41/14	45/21	86/35
CH-47	35/8	40/20	75/28

Multi-Track Strategy (Begins May 1988)

UH-1 Track	0/0	5/2	5/2
OH-58 Track	0/0	5/2	5/2
UH-60 Track	0/0	5/2	5/2
AH-1 Track	0/0	5/2	5/2
*UH-60 AQC	25/6	30/18	55/24
*AH-1 AQC	33/6	35/18	68/24
*AH-64 AQC	41/14	50/22	91/36
*CH-47 AQC	35/8	40/20	75/28

Additionally, once an aviator has completed undergraduate flight training, advanced aircraft training, and initial unit training, approximately 17-21 hrs per month (depending on aircraft type) is required to maintain proficiency necessary for combat readiness and safe flight operations.

*Advanced Qualification Courses (AQC) will still be required, but will have reduced student input. This is due to more aviators being qualified in advanced aircraft during undergraduate training.

ARMY COMMAND AND CONTROL SYSTEM REORGANIZATION

QUESTION: General Wickham, the House Armed Service Committee has proposed a major reorganization of the Army Command and Control System (ACCS) acquisition program. What is the Army's position on this planned grouping of several programs into the ACCS line and the reduction in funding proposed for fiscal year 1988?

ANSWER: The House Armed Services Committee (HASC), included in their roll of ACCS systems, four ACCS systems (Forward Area Air Defense Command, Control and Intelligence System (FAADC2I), Maneuver Control System (MCS), Advanced Field Artillery Tactical Data System (AFATDS), All Source Analysis System (ASAS)) with a communication system (Army Data Distribution System (ADDS)). The ACCS systems, under the new Program Executive Officer (PEO) structure will be managed by PEO, Command and Control Systems and the communication systems will be managed by PEO, Communication Systems. This combination of systems, which does not conform to the new PEO structure, will make the management of these systems impossible. The thrust of the ACCS program is to ensure interoperability of the Army's five functional command and control systems (AFATDS, FAADC2I, MCS, ASAS, Combat Service Support Control System (CSSCS)) and save life-cycle cost through a large, consolidated procurement of common automatic data processing hardware and software (CHS). In contrast to the HASC desire to roll these systems into a single budget line for visibility purposes, the roll will result in the lose of visibility for the five ACCS systems with regard to proper management and budget execution. It is paramount that discrete budget lines be restored and that the composition of the PEO structure be maintained. The FY88 ACCS CHS procurement represents a small portion of the total procurements planned within related Command, Control, Communications and Intelligence (C3I) programs ($61 million of $420.5 million). A procurement breakout of the functional programs reveals that their requests are more than just ACCS CHS. Functional requirements include sensors, non-ACCS hardware and software, and communications integration services. FY88 procurements support deployment of automated C3I to deployed forces (MCS, ASAS), and required operational testing prior to full rate production (FAADC2I, AFATDS, ADDS). The $150 million reduction seriously disrupts ongoing tactical battlefield C3I programs including major portions of the five programs unrelated to the CHS procurement and integration. The reduction desynchronizes C3I procurements with supported weapons programs that will rely on these critical C3I capabilities to execute the AirLand Battle doctrine. The committee's concerns regarding management integration and testing of the ACCS programs have been addressed in the new PEO structure. Strongly urge full restoration of the funds and the discrete lines as requested for AFATDS, FAADC2I, MCS, ASAS and ADDS.

10 TON TRUCKS

QUESTION. General Wickham, please provide the Army procurement requirement for 10 ton trucks for fiscal year 1988. How would the Army deploy the additional trucks provided in the House Armed Services Authorization Bill?

ANSWER. The FY 88 request is for 888 vehicles primarily to equip our future MLRS, Apache and Patriot units. We programmed this quantity of vehicles in anticipation of future conversions/activations of these units before the Palletized Loading System (PLS) would be available, as reflected in the FY 87 budget request.

The additional vehicles provided in the House Armed Services Authorization Bill will be used to procure wreckers and fuel vehicles that are needed as a result of the denial of the FY 87 budget request for PLS.

COPPERHEAD

QUESTION: General Wickham, does the Army intend to develop a second source for Copperhead 155mm artillery shell production in fiscal year 1988?

ANSWER: In order to reduce unit procurement costs for Copperhead, the Army intends to establish a second source beginning in fiscal year 1988 -- if such a move is cost effective. A Request for Proposal (RFP) will be released on 4 June 1987, and both the current and potential second source producers will be invited to bid fixed price quotes for single year and multiyear buyout options. If bid evaluation proves second sourcing is cost effective -- and we expect it will -- Congress will be notified on or about 1 December 1987 and a contract awarded by 12 January 1988. While the second source is self-facilitizing and being qualified for Copperhead production, the current producer will be maintained. Beginning in fiscal year 1989, procurements will be competed on either a yearly or multiyear buyout basis, whichever is most cost effective.

QUESTION: Does the remaining inventory requirement for Copperhead procurement justify introduction of a second source producer?

ANSWER: Yes, the remaining inventory requirement for Copperhead does justify introduction of a second source for competition. The combined Army/Marine Corps procurement objective is a total of 69,000 rounds, whereas our "most likely" estimate for breakeven on second sourcing is 43,000 rounds (which includes 24,672 rounds already funded through fiscal year 1987).

QUESTION: What is the estimated cost of completing the Copperhead procurement from existing source? What is the estimated cost of completing Copperhead procurement through competition?

ANSWER: The estimated cost for completing the Army procurement of Copperhead (i.e., fiscal year 1988 and beyond) using the existing source is $902 million. Using competition we expect the cost to complete procurment will be $811 million -- a savings of $91 million to the Army, with proportional savings accruing to the Marine Corps. The expected breakeven point is within the fiscal year 1991 procurement.

SINCGARS

QUESTION. General Wickham, when will a SINCGARS tactical radio meeting the Army specification requirements be delivered to the Army? Does the Army intend to begin second source development for SINCGARS in FY 1988?

ANSWER. General Wickham. We expect to begin accepting delivery of SINCGARS which meet the Army specification in early 1988. We intend to sign a competitive firm fixed price contract with a second source contractor for a "form-fit-and-function" SINCGARS in early 1988. We issued to industry for their comments a Draft Request for Proposal on 24 April 1987.

120MM MORTAR

QUESTION. General Wickham, what is the current Army schedule for evaluation and selection of a new 120mm mortar? Has the Army changed the specification requirements for a new 120mm mortar subsequent to the initial test where all candidate mortars failed to meet the Army standards?

ANSWER. The contractors have been notified to deliver weapons and ammunition to Aberdeen Proving Grounds on 1 September 1987 for inspection and installation prior to retesting. The actual test is scheduled for 11 September through approximately 20 December, with source selection occurring in February, 1988.

The Army has not changed its basic requirements; however, as a result of the initial testing, procedures for evaluating some requirements have been modified. During initial testing, all candidates failed the requirements for sustained rate of fire and for reliability. The Army intends to retest only those requirements failed during initial testing and requirements that might be affected by proposed modifications to systems.

The procedure for evaluating sustained rate of fire has been refined to more closely reflect the scenario used to develop the requirement; however, candidates will still be required to achieve a sustained rate of fire of four rounds per minute. Since each contractor has indicated that the primary means of meeting the requirement may be to increase the maximum operating temperature of the mortars, the Army is planning to repeat the maximum operating temperature test and require additional design information from contractors in order to verify an adequate margin of safety.

The original approach for evaluating reliability considered each candidate a mature system, with no requirement for reliability growth. As a result of the fix/retest cycle made necessary by reliability problems in each system, the Army will establish reliability growth requirements to be met at source selection, type classification, and system maturity.

RDX PRODUCTION FACILITY

QUESTION: General Wickham, the Army has projected a requirement for an RDX production facility. What would be the annual funding requirement to construct and establish such a facility?

ANSWER: The annual funding requirement would be:

FY88	$146.7 million
FY89	$116.0 million
FY90	$71.0 million

QUESTIONS SUBMITTED BY SENATOR BYRD

LHX Program

Question. The Army is often perceived as the "poor relation" when it comes to the allocation of funds among the services. In the FY 1988/89 DoD budget request, the total for Army procurement for each fiscal year is approximately one-half of that requested for either the Air Force or Navy. (Army FY 1988, $16.2 billion, FY 1989, $16.8 billion; Navy FY 1988, $33.9 billion, FY 1989, $33.9 billion; Air Force FY 1988, $32.5 billion, FY 1989, $30.9 billion.) The DoD budget request shows a reduction in production rates for the M1 tank and the Bradley Fighting Vehicle. The Army also blamed a shortage of funds for its early decision to cancel completely the AH-64 Apache and Army Helicopter Improvement Programs. (Congressional action on the FY 1987 Supplemental may restore these programs.)

The Army's most prominent R&D program, the LHX helicopter, is approaching the decision on whether to enter full-scale development amidst serious controversy within the Congress, the Army, the Office of the Secretary of Defense, and the defense industry over projected costs and effectiveness.

The LHX program will decide the future of Army aviation for perhaps the next two decades. Press reports have indicated that the Army Training and Doctrine Command (TRADOC) has twice recommended the V-22 Osprey tilt-rotor aircraft, currently being developed by the Marine Corps, as the best choice for the LHX mission. The Army leadership has rejected this recommendation. What considerations have led to the rejection of the V-22 Osprey? If the V-22 is mission-capable, would it not be cost-effective to take advantage of an already well-developed aircraft program, rather than launch another development effort that could take 6-8 years to complete?

ANSWER. The Training and Doctrine Command has never recommended that the V-22 Osprey tilt-rotor aircraft be accepted as best choice for the LHX mission. The V-22 concept of employment will be to transport supply, personnel, equipment and medical evacuation in Army aviation. The V-22 represents a technologically feasible and an economical solution for expanding logistical airlift requirements. The V-22 is a 54,000 (+) lbs aircraft that carries 24 personnel or 15,000 (+) lbs of cargo. The LHX SCAT is designed against a requirement to replace an Attack/ Scout aircraft that meets the 1995 threat and beyond. The design characteristics are considerably smaller than that of a V-22 with PMGW 9,500 + lbs, two pilots and armed with Hellfire/ Stinger, and a turret gun. The LHX Assault version will be optimized to conduct combat insertion missions with 6 troops and have a 70% component commonality with the SCAT version.

Due to projected difference in mission employment and an obvious difference in aircraft design, and contrary to press reports, the Army has never considered or recommended the V-22 as a replacement for LHX.

BRADLEY FIGHTING VEHICLE SURVIVABILITY

QUESTIONS. There has been a good deal of press coverage on the Bradley Fighting Vehicle in the last year. It has focused on the survivability of the Bradley on the battlefield and its "swimming" capabilities. Was it these controversies that led the Army to reduce the production rate for the Bradley in the FY88/89 budget request? Or, was it simply a fiscal decision?

ANSWER. It was simply a fiscal decsion.

CONVENTIONAL DEFENSE INITIATIVE

QUESTION: For FY 87 the Congress appropriated 200 million for the "Conventional Defense Initiative/Balanced Technology Initiative" (CDI). This program as a congressional initiative, added to the DOD Budget request to spur research on conventional defense programs in the face of an increasing emphasis on strategic weapon systems. Does the Army support the CDI concept? Could you shed some light on why the FY 88-89 DOD Budget request did not include funds for continuing the "CDI"? Was this an Army priority which failed to gain the support of the Secretary of Defense?

ANSWER: The Army supports the CDI concept because of our roles and missions, and our responsibilities in providing a creditable deterrent to conventional warfare. Prior to the CDI/BTI program the Army initiated its own Conventional Defense Enhancement (CDE) program where we outlined both near-term procurement requirements, and long-term technology investments required to bolster our conventional defense capability. Our CDE plan was the starting point for preparing the Army input to the Office of the Secretary of Defense (OSD) for the list of candidate programs for the FY 87 BTI discretionary funding. Per OSD guidance, this list included the FY 88-91 funding requirement, above the FY 88/89 President's budget, to continue the thrusts that would be initiated with the FY 87 BTI funding. The Army's FY 88/89 budget request was submitted to OSD in September 1986, well before the specifics of the BTI program were decided. We are awaiting further guidance from OSD regarding the inclusion of BTI project funding in future DOD budget requests. The Army position is that funding for BTI projects should be in addition to the existing, prioritized Army research and advanced technology budget.

QUESTION. In view of the strong possibility of an arms control agreement which would remove or reduce the intermediate-range nuclear forces in Europe, has the Army begun to assess the impact of such an agreement upon its deployment of ground forces in Europe? Without the nuclear deterrent of the Pershing II and ground-launched cruise missiles, will the Army find it necessary to bolster conventional ground forces? If not, how will NATO offset the significant advantage of the Warsaw Pact in deployed conventional forces?

ANSWER. Eliminating Pershing II and ground launched cruise missiles from Europe will not, in and of itself, place more of the burden of deterrence on conventional forces. It will change some of the nuclear targeting options available to NATO, but it will also reduce substantially the threat to NATO from Soviet SS-20s and SS-4s. NATO will retain a significant number of nuclear weapons in a wide range of delivery means which, if modernized and enhanced according to NATO's Nuclear Weapons Requirement Study recommendations, will ensure the continued flexibility of NATO's nuclear response options. Retaining and modernizing some nuclear weapons in Europe are essential to the strategy of flexible response for deterrence and warfighting purposes.

Flexible response, the US and NATO Alliance strategy to deter any aggression, requires that we maintain military capabilities balanced across the spectrum of conflict. Efforts to secure equitable and effectively verifiable reductions in military forces, both nuclear and nonnuclear, are an integral element of our security policy which seeks to achieve a more stable and secure environment at lower levels of armaments. In arms reductions negotiations, we will focus on achieving: fifty percent reductions in strategic nuclear systems; agreements on reductions in long-range intermediate-range nuclear missile forces in Europe; a ban with strong verification on chemical weapons; an agreement to redress conventional force imbalances in Europe. This demonstrates that we are aware of the inherent linkages which exist among the categories. Clearly there are limits to how far and how quickly we can reduce in one category without also making progress in reducing and balancing the other categories. With or without an INF agreement, it is imperative that nuclear and nonnuclear force modernization programs continue. The Soviets are unlikely to pursue serious negotiations to reduce forces where they have clear margins of superiority if they perceive that NATO is reducing INF systems while failing to carry through its planned and continuing improvements in nuclear and nonnuclear forces. Not only should the US continue its planned modernization programs, but we must continue to encourage cur allies to meet NATO Force Goals. Whether or not agreement is reached on strategic and long-range intermediate-range nuclear forces reductions, the continuation of ongoing Army programs to complete the modernization of our nuclear and nonnuclear forces is required to maintain the overall credibility of our deterrent posture.

Questions Submitted by Senator DeConcini

M72E4 PROGRAM

QUESTION: In December 1985, while providing Army appropriations for FY86, Congress instructed the Army to complete testing and type classification for the M72E4; however, this direction was disregarded and the program terminated by the Army in February 1986. Having learned of this action, the FY86 Supplemental Authorization Conferees concluded that "the Army unwisely and prematurely halted testing of the M72E4"; and, they included Bill language requiring the Army to complete developmental and operational testing, type classify the weapon, and acquire a technical data package. Inclusion of this provision into the FY86 Supplemental Act (Public Law 99-349) was made necessary because of the Army's disregard for prior report language.

Nearly a year and a half has passed since the Army was directed to complete the M72E4 product improvement program and testing still has not been resumed. In fact, Congress has been informed that the program will not be completed for at least two more years. In view of the current situation, please provide a response to the following questions:

What steps are being taken to comply with Chapter IIIa, Sec. 5(d), Public Law 99-349?

ANSWER: The Army has held a number of program reviews from September 1986 to April 1987 in order to arrive at the best course of action that will comply with Public Law 99-349. The result of these reviews has led to a decision to obtain a validated requirements document; perform a mini-cost and operational effectiveness analysis (abbreviated analysis); and go to full-and-open competition for system development completion. Accordingly, the Army is currently revising the draft 1985 version of the Lightweight Multipurpose Weapon Required Operational Capability (ROC) document; reviewing industry responses from a market survey conducted to ascertain competitive interest in the program; and initiating an abbreviated analysis.

QUESTION: Under the Army's current plan, when will testing be resumed and how long will it take to complete?

ANSWER: Depending on the contractor selected to complete the program, development testing could begin as early as second quarter FY 1988 and be completed fourth quarter FY 1988. Operational testing could begin as early as first quarter FY 1989 and be completed second quarter FY 1989.

QUESTION: What are the alternative courses of action being considered to expedite completion?

ANSWER: A revision to an existing draft requirements document is ongoing in lieu of developing a new document and a mini-cost and operational effectiveness analysis is being undertaken in lieu of a full blown cost and operational effectiveness analysis. These actions will minimize the time leading to a contract award.

QUESTION: Has the original M72E4 product improvement contract (DAAH01-84C-0548) been closed?

ANSWER: No, the contract has not been closed. A termination notice has been issued, but the termination has not been settled yet.

QUESTION: If the Army were to lift the existing contract termination notice, could the program be completed earlier than presently planned? If so, how much earlier and at what cost savings to the government?

ANSWER: No. Based on the Army's decision to have competition for program completion and the need to obtain a requirements document and do a mini-cost and operational effectiveness analysis, the front end schedule prior to contract award could not be shortened. However, if the original contractor wins over the competition, as much as a $5 million savings and 23 months time savings would result.

QUESTION: Can the existing contract termination notice be superceded by contract modification to permit an immediate restart? If not, why not?

ANSWER: The contract can be restarted by contract modification.

QUESTION: What has caused the program restart to be delayed for 18 months?

ANSWER: The Army intends to fully comply with Public Law 99-349. However, resumption of the program is contingent upon proper sequence, review, and approval of authorization and documentation. Additionally, limited resources and higher priority programs have precluded an accelerated review and restart of the program.

QUESTIONS SUBMITTED BY SENATOR STEVENS

QUESTION: The House has also proposed to reduce funding for the Small Unit Support Vehicle (SUSV). Describe for the Committee what the vehicle means for the mobility of the Light Division.

ANSWER: The SUSV, with its 3,000 lbs. payload and its very low ground pressure of less than 2.5 PSI, can upgrade the infantry platoon's effectiveness under the harsh climate and terrain conditions experienced in the arctic. The SUSV can be deployed around the clock under the most adverse weather conditions with minimal risk to personnel and equipment. The vehicle will increase the operational range of the infantry platoon to over 20 miles per day by traversing heavy winter snows, spring break-up and summer bogs and muskeg. This vehicle is capable of transporting an infantry platoon's winter equipment load and towing (skijoring) one or two squads behind it. The use of this vehicle in arctic deployment tactics will vastly improve the squad's range, reaction time and capability to fight. The SUSV is also key to accomplishing vital unit level and direct support logistical functions. It is essential for movement of anti-tank, fire support and command control and communications (C3I) systems. This vehicle can also serve as a highly mobile ambulance, communications vehicle, maintenance shop or Command vehicle with relatively simple or no modifications.

QUESTION: Does the Army have any reservations concerning the vehicle currently procured as the SUSV?

ANSWER: No.

QUESTION: Has that vehicle performed up to Army expectations?

ANSWER: Yes.

SUPPORT OF THE LIGHT DIVISION CONCEPT

QUESTION: What are the Army's procurement priorities to support the Light Division Concept?

ANSWER: The light divisions are equipped with items common to other type Army units. Prioritization for equipping the light divisions is achieved by equipment distribution priority decisions. The Army priorities for all of its units are published in the Department of the Army Master Priority List (DAMPL) (C). In order to insure that the light divisions are properly equipped, these units have been given preemptive priority above the DAMPL. For those items of equipment that are common to other types of Army units, this priority decision assures that the light divisions will receive quantities appropriate to the unit's authorization. For modernization equipment items, special distribution plans are created by the Army force developers to insure appropriate equipping levels are pro-procured and distributed to all Army claimants, including Light Divisions.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

Stationing of 10th Mountain Division

QUESTION: Is the stationing of the 10th Mountain Light Infantry Division proceeding as planned? Do you foresee any major problems?

ANSWER: 10th Mountain Light Infantry Division is forming as planned. Family housing is the key pacing factor. Unit activations are proceeding as scheduled; however, arrival dates on the Fort Drum installation of selected units may be adjusted to match facilities availability. As an example, selected aviation units to be activated may be temporarily stationed at Griffiss Air Force Base until facilities are built on Fort Drum. Major construction, which includes infrastructure, utilities, housing, PX, commissary, child development center, etc., is now in progress at Fort Drum. Tremendous progress has been made to date and with continued Congressional support there are no major problems foreseen with continued fielding of the 10th Mountain Division (Light Infantry).

DEVELOPMENT OF ADVANCED ANTITANK WEAPON SYSTEM-MEDIUM

QUESTION: You mention in your testimony the development of the Advanced Antitank Weapons System-Medium (AAWS-M) to replace the DRAGON. When do you expect this new antitank system to be deployed?

ANSWER: The AAWS-M will be operationally deployed in [deleted].

AAWS-M USE BY LIGHT INFANTRY DIVISIONS

QUESTION: Will this new anti-tank weapon be lightweight enough for effective use by the light infantry divisions?

ANSWER: Absolutely. The weight consideration has been a key element in AAWS-M development. The required weight is 45 pounds or less.

AAWS-M LAUNCHERS

QUESTION: How many soldiers will it take to put one of the AAWS-M launchers in place? Will it be able to defeat a Soviet T-80 tank by a frontal assault?

ANSWER: One soldier is required to put the AAWS-M into action. The AAWS-M is required to defeat the [deleted]. [Deleted.]

The gunner carries the guidance unit and one round of ammunition allowing a single engagement capability. Additional rounds will be prepositioned or carried by other men.

LOGISTICS OVER THE SHORE

QUESTION: The Navy's Sealift Support Facilities program is designed to provide cargo handling systems in less than ideal locations. The Army would rely heavily upon this ability to unload its equipment overseas in times of conflict. Is the logistics-over-the-shore (LOTS) capability by the Navy currently adequate for Army plans?

ANSWER: The term Sealift Support Facilities Program is used by the Naval Facilities Engineering Command to internally describe its portion of Navy's Sealift Support Systems procurement program.

The Sealift Support Systems Program (SSSP) does not provide Logistics-Over-the-Shore (LOTS) capability for the Army. The SSSP provides Ship-to-Shore Discharge System for Navy's Amphibious Logistics System (ALS) and fulfills Navy's mission to provide for ship-to-shore movement of USMC Amphibious forces and sustaining supplies and equipment. The only ship-to-shore cargo movement mission the Navy has in support of Army is in the delivery of bulk fuel to the high water mark--Offshore Petroleum Distribution System (OPDS).

Guidance provided in Title 10 USC, DODI 5100.1 (Functions of Defense and Its Major Components) and JCS Pub 2 identifies Army's responsibilities to operate common user ports and conduct LOTS operations to support Army plans. To execute these mission requirements Army currently programs, procures (sometimes jointly), and operates its own cargo handling systems. The Army and Navy ship-to-shore discharge systems and missions are closely coordinated to avoid duplication of resources.

Current Army LOTS capability can meet only 55 percent of the DOD minimum daily requirement, as identified in the DOD Sealift Study (Mar 84). However, the Army's current LOTS Program (FY 87-92), if fully funded, will meet DOD guidance in FY 92.

SUBCOMMITTEE RECESS

Senator PROXMIRE. Thank you, gentlemen. The subcommittee will stand in recess.

[Whereupon, at 11:33 a.m., Tuesday, May 12, the subcommittee was recessed, to reconvene at the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1988

TUESDAY, MAY 19, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:35 a.m., in room SD–192, Dirksen Senate Office Building, Hon. John C. Stennis (chairman) presiding.

Present: Senators Stennis, Proxmire, Johnston, Leahy, Sasser, DeConcini, Stevens, Weicker, D'Amato, and Cochran.

DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE

STATEMENTS OF:

HON. CASPAR W. WEINBERGER, SECRETARY OF DEFENSE

GENERAL ROBERT T. HERRES, U.S. AIR FORCE, VICE CHAIRMAN, JOINT CHIEFS OF STAFF

FISCAL YEAR 1988 AND FISCAL YEAR 1989 BUDGET WRAP-UP

INTRODUCTION OF SECRETARY WEINBERGER

Chairman STENNIS. All right, ladies and gentlemen, may we have quiet, please.

We are highly pleased this morning to have the Secretary of Defense here, and also General Herres, who is occupying a new office, an important office created in last year's bill, Vice Chairman of the Joint Chiefs of Staff.

We are all concerned about the situation in connection with our ship having been shot. Mr. Secretary, may I ask you a question about that to start with? Tell us about the attack on the ship. Just make a brief statement, if you will, about it.

IRAQI ATTACK ON U.S. FRIGATE "STARK"

Secretary WEINBERGER. Yes, sir.

The latest we have, Mr. Chairman and Members of the Committee, is that the *Stark* is under tow and will reach Bahrain at about 2:00 o'clock our time.

There were 222 crew members. 185 are fine and on full duty; 24 are dead and have been identified forensically; 13 are dead but have not been identified as of 8:00 o'clock this morning, for a total of 37. Two were evacuated to Wiesbaden for burn treatment, and there is another medical evacuation plane coming down.

We have convened a Navy Board of Inquiry. That group will arrive in Bahrain tomorrow and begin its examination of all of the facts surrounding the entire matter. We have received an apology statement from Saddam Hussein of Iraq—a statement that it was not intentional, that they had no desire or intention to hit an American ship, and a statement expressing his deep sorrow for the tragic incident afflicting the U.S. Frigate *Stark*.

It is a fairly long statement, but I have it all here in case you would like to have it for the record.

SITUATION PRECEDING ATTACK

Secretary WEINBERGER. Further examination of what we know now, Mr. Chairman, shows that the ship's morning report of the captain reported that all weapons systems were operational on Sunday morning. The attack was Sunday afternoon our time, Sunday evening local time.

The missile was launched from about 12 miles from the ship. The ship had queried the plane as to its intention. The questions were sent in clear English. They were not responded to by the Iraqi plane, and the attack came immediately after that.

The ship's radar knew that the plane's radar had painted the ship, and this of course is a very major warning, and the inquiries went up to the plane immediately after that. These missiles travel about 10 miles a minute. It was launched from about 12 miles out, so that we believe there was somewhere between maybe 60 and 80 seconds in which the defensive systems of the ship could have been brought into operation.

They were not, and we do not know why not. Obviously that will be one of the first inquiries of the Board when it arrives.

The most likely explanation, it seems to me, is that there was no real belief and no reason for anyone on the ship to believe that an Iraqi plane, which we knew this was, would make an attack on an American ship as far south of the declared war zone as we were.

The notifications to next-of-kin are going forward. As of 6:00 o'clock this morning, there were five formal notifications that had been made, and they will be proceeding during the day. We have set up two or three lines, toll free lines, so that the families can make inquiry and the inquiries can be responded to.

A Memorial Service is planned for 10:00 a.m. at Bay Port, FL, the home port of the ship. There will obviously be additional services after the reception of the dead later on.

I believe that is all there is this morning.

General, do you have anything additional?

General HERRES. No, sir. I think that covers it pretty well.

ADMINISTRATION DEMANDS FROM IRAQ

Chairman STENNIS. Well, we thank you very much for that report. You certainly know the facts. I judge you are not going to let it just lie there?

Secretary WEINBERGER. Oh, no, sir.

Chairman STENNIS. You are going to get to the bottom of this thing, and so forth.

Secretary WEINBERGER. There will be, as the President said yesterday—there are a couple more points I should have added.

Yesterday the President said there would, of course, be a demand for full reparations, to whatever extent families can ever be compensated for this kind of tragedy, and also for all of the repair costs of the ship. That demand will be made and carried out, I am sure.

DETERMINATION OF HOSTILE INTENT

The change that was announced by the President, Mr. Chairman, was not really a change in the rules of engagement. The rules of engagement provide that the captain of a ship or the commander of an aircraft, upon determining hostile intent, has the right to take any action he thinks appropriate to save the ship or the plane.

The question then is what is "hostile intent"? The rule the President announced yesterday is that if there is any belligerent ship or plane, any ship of a belligerent, Iran or Iraq, that approaches on a pattern that could deliver an attack against our ship or plane, then the commander is free to declare that that by itself is hostile intent and is able to respond appropriately.

Chairman STENNIS. Well, I like your attitude about it, the way you are going after it, and hope you keep it up, and I think you will.

Secretary WEINBERGER. Thank you, sir. I certainly will.

Chairman STENNIS. We have a great interest in it.

May I make an explanation. I greatly regret missing part of this meeting, Members of the Committee, Mr. Secretary and General Herres. I am tied up in matters over on the Floor now and just have to go over there shortly, but I will come back here just as soon as I possibly can.

Secretary WEINBERGER. All right, sir.

Chairman STENNIS. This good attendance is quite a compliment to you. The Secretary has served longer, I believe, than anyone in modern history in this very difficult position in these very difficult times, and I commend him for his service.

General, we are glad to see you starting on a career in the new office to which I have already referred.

You may proceed in your own way now, gentlemen. Mr. Secretary, you have a prepared statement. You may pursue that course, or you can summarize if you see fit.

Secretary WEINBERGER. All right, sir. There is a long version which we would like to have——

Chairman STENNIS. Senator Johnston is going to be here, and I will ask him to occupy the Chair when I vacate it.

Secretary **Weinberger**. All right, sir. I was going to put a long statement in the record, with your permission, Mr. Chairman, and then have a much shorter statement which I will also, in the interests of time, paraphrase. We do have a few charts.

Senator **Stevens**. Mr. Chairman, would you let me get to one question with the Secretary before he goes on to his formal statement?

Chairman **Stennis**. All right, let us suspend for Senator Stevens.

SAUDI INVOLVEMENT IN ATTACK ON "STARK"

Senator **Stevens**. Mr. Secretary, I join the Chairman in congratulating you and the Joint Chiefs of Staff in the way you have handled this matter concerning the *Stark*, but the information I received indicated that the AWACS had reported to the Saudi Arabians, and there were two F-15s that were scrambled at the time.

The STARK is part of the U.S. fleet that is there to protect the sea lanes for the producers of oil, particularly the Saudi Arabians, and I am told that the AWACS asked the F-15s to track that Iraqi plane and the F-15s refused to do so. Is that correct?

Secretary **Weinberger**. No, sir. That is exactly contrary to our information. Our information is that the Saudis scrambled two F-15s. The pilots asked for permission to follow the plane. The Saudi ground controllers said that the pattern thus far as they were tracking it all the way down from Chava where it took off—that the pattern was the same as the previous patterns that they had flown, and at this point the Saudi fighters should stay where they were, but should not take any further action.

That seems to me to be reasonable enough, because every day, two or three times a day, Iraqi planes fly this pattern down outside the coast of Saudi Arabia from Chava, turn east, and attack shipping usually, almost always north of the line 27-30.

General **Herres**. 27-30, yes, sir.

Senator **Stevens**. The memo my staff gave me this morning indicated that the Saudi Arabian fighters declined the AWACS request to intercept the Iraqi jet.

Secretary **Weinberger**. That is completely contrary to any information we have, sir.

Senator **Stevens**. I am pleased to have that cleared up.

Thank you, Mr. Chairman.

Chairman **Stennis**. All right, Mr. Secretary, you proceed in your own way. Your statement is admitted to the record without objection, and you proceed as you see fit.

Secretary **Weinberger**. Thank you very much.

TWO-YEAR BUDGET REQUEST

Mr. Chairman, Members of the committee, our request for 1988-1989 budget—as you know, the 2-year budget—was based on what we believed and still believe is a reasonable and realistic assessment of defense needs within constrained resources, and it would fund what we believe would be an adequate defense. It provided for 3 percent real growth in each of those 2 years.

The 2-year budget is, I think, a very significant step toward reform of the budget process. This and future 2-year budgets would give us in the Department and the Congress the needed stability and the predictability in programming and budgeting and resource availability which would generate a great many efficiencies, better managed programs, and ultimately savings.

We really need a 2-year authorization and appropriation to be effective, and the Armed Services Committee of the Senate has proposed this, and we have agreed. As a matter of fact, we have been pushing it I think just as hard as they have because we are in full agreement that this is the better way to go. We hope the Appropriations Committees will take this opportunity to provide a 2-year budget for defense and not lose the momentum of this task.

It is a source of continuing frustration for all of us, I think, that many of our efforts to get this stable and predictable funding have been thwarted by policies that utilize the defense budget as a deficit control tool. The congressional budget process has become so focused on outlay targets and deficit levels that sometimes I think we forget why we need a defense budget at all.

NATIONAL SECURITY IMPLICATIONS

The long-term implications of reductions for national security are very severe. I know the Appropriations Committees have to reconcile budget resolutions and real-world requirements. I know that the Congress and the Department of Defense would not want to risk repeating past mistakes of serious underfunding and a return to the era of hollow armies and ships and aircraft not prepared to fight.

I certainly do not envy you your task, but I am here today to offer our support and to discuss with you the difficulties of implementing the outlay targets that are proposed in the budget resolution.

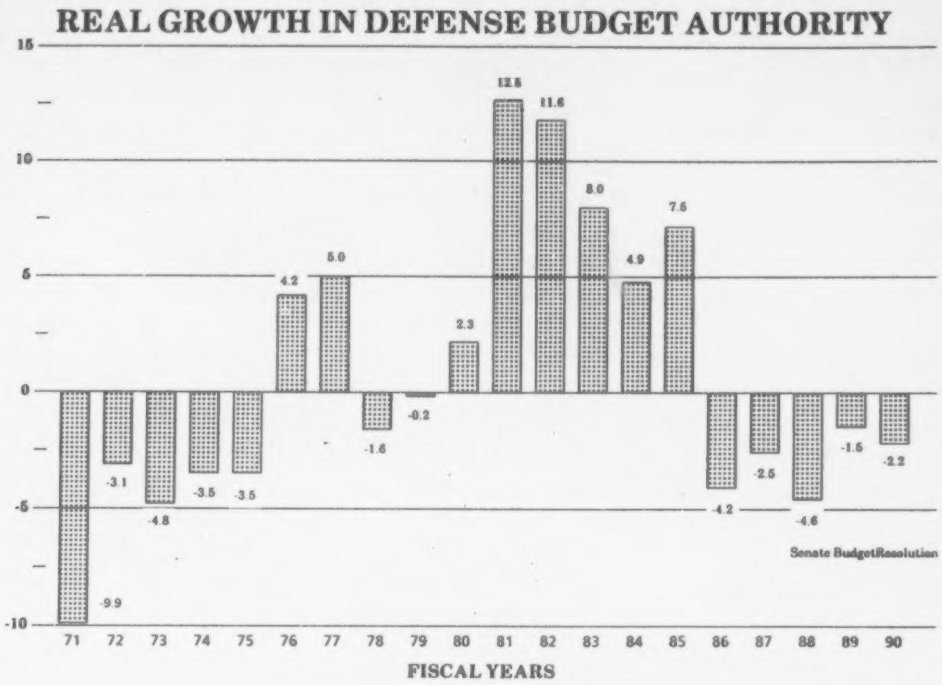


ILLUSTRATION 1

Secretary WEINBERGER. The first chart covers the years from 1971 on. It shows that in the past 6 years the administration and the Congress working together have been very successful in restoring the needed level of national security; but the danger we worry about is that budget resolution targets, if adopted, will set us on a path similar to that taken in the 1970s.

From fiscal year 1971 to 1975 we experienced a running decline in the real growth of defense of about 25 percent. The worry I have is that from 1986 to 1990, the years covered by the budget resolutions not yet enacted, they would reflect a running decline in real growth of 15 percent. Even with the levels projected in the budget resolution, they may not actually be enacted, Mr. Chairman, because the Appropriations Committees in 3 of the last 4 years have failed to enact the budget resolution levels. So those bars would drop even farther down and cause even more problems for the maintenance of the proper security.

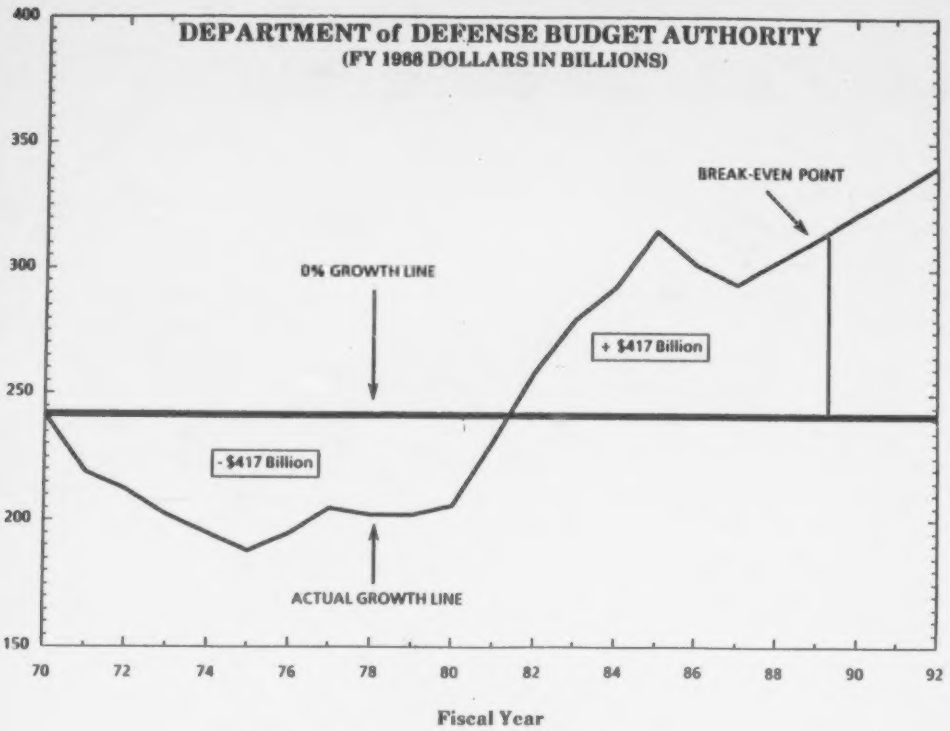


ILLUSTRATION 2

Secretary WEINBERGER. The next chart here shows what would happen if we had had simply a zero level enacted in all of the years since 1970—zero growth all of that time—enough to keep up with inflation and nothing more. You could see that we would have had a situation in which we would not have lost the $417 billion we did during that period to 1980, and therefore had to have the very large increases that took us all the way through 1988 to regain that $417 billion.

That break-even point is not achieved until 1989. Yet, it is that up and down, that surge and starve, that is so very difficult to administer and causes us all to have so much more expenditure than is really required if we had just stayed on a perfectly level path all that time.

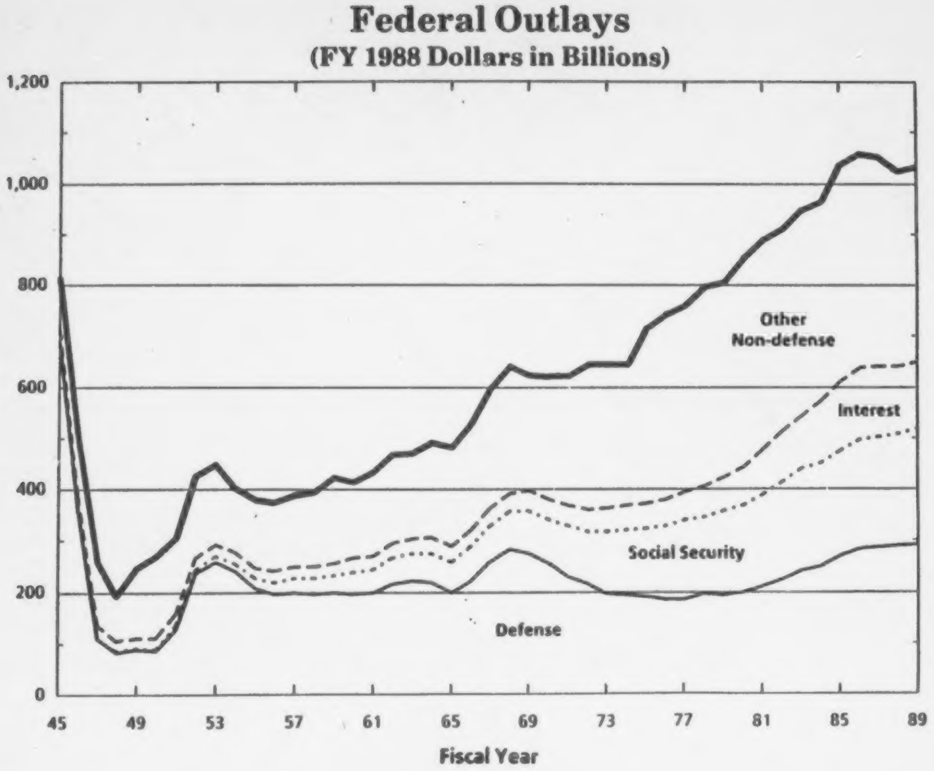

Federal Outlays
(FY 1988 Dollars in Billions)

ILLUSTRATION 3

Secretary WEINBERGER. Now the point is frequently made that defense is largely responsible for the deficit, and it is increased defense expenditures that have caused the very large and increasing deficit. This presents in chart form the reasons why that argument is simply wrong.

As you see, at the bottom is defense, going all the way back to the year 1945 when it was at those very high levels. In recent years, starting in 1981 through 1989, there has indeed been an increase, that small increase above the $200 billion line.

Social Security has gone up. Interest on the debt, of course, has gone up. This, then, is the other non-defense expenditure. That is where your real increases come, and that is the real cause of this very large deficit that we now are all grappling with.

Then the question is frequently raised, can we really afford the national defense of the kind we are talking about? Back in the 1950s you can see that defense was about 12 percent of the gross national product. What we are seeking is a little under 6, and then at 6 for the years from 1985 on. Clearly I think we can afford defense. Even without this chart I would say to you, sir, that the United States can and must afford the security that it needs to stay free.

SUPPLEMENTAL REQUEST

I want to say just a word, if I could, and I am curtailing this statement very drastically, sir, because I know the time limitations.

This is a word about the supplemental that is before you. The supplemental went in at a request of $2.8 billion, $2.79 billion; $1.2 billion of that is for "must-pay" bills, things that we have to pay: the pay raise that the Congress authorized; the need for overseas' station allowances that the Congress authorized; the CHAMPUS payments, and ammunition supplies that are required for readiness. That is $1.2 billion.

Out of those must-pay bills, the House cut $749 million, and the Senate cut $612 million. Out of the balance of the supplemental which dealt with various congressional priorities, such as the destruction of the obsolete chemical weapons, we asked for $500 million to carry out that congressional priority. The total that was authorized by both committees is zero.

For our Special Operations Forces, a high priority of the Congress and of us, the House authorized $259 million, the Senate zero, out of $330 million requested.

For NATO initiatives, which will enable us to get a better degree of interoperability with our NATO allies and save on the multiple production of weapons, none of that was allowed by the Senate and very little by the House.

For operational test and evaluation, which we must do, since it is a high priority with both us and the Congress, our request for $120 million was cut to $11 million in the House and $25 million in the Senate. The manufacturing technology priority was added by the House.

We requested $500 million for the Strategic Defense Initiative in the supplemental to enable us to begin work on the heavy lift vehicle, which the Soviets launched 2 days ago; we get zero in the House, $131 million in the Senate.

So we would ask that this supplemental, which I understand is in a kind of a moribund state at the moment, be revived with a new look at the actual amounts requested, and the importance certainly of the first part, which is for the things that we absolutely have to pay, and the second, in which we included a great many congressional priorities.

Mr. Chairman, I have a longer statement. I am not going to go through it. It is in the record. I will be glad to try to take your questions.

[The prepared statement of Secretary Weinberger follows:]

PREPARED STATEMENT OF HON. CASPAR W. WEINBERGER

SECRETARY OF DEFENSE

Introduction:

Mr. Chairman and distinguished members of the committee:

In January, the President forwarded to the Congress for the first time a two-year defense budget, thereby taking a significant step toward meaningful reform of the budget process. The two-year request for fiscal years 1988 and 1989 would fund reasonably and realistically the national security requirements within constrained resources for those two years. Of even greater importance, however, is that this and future two-year defense budgets would provide the Department with needed stability and predictability in the program and budget process.

The predictability that a two-year budget would provide for defense program management would enable the Department to focus on real results as opposed to annually repeating arguments for resources to support what is essentially continuation of the same programs. Results over the past six years show that when there is resource stability the Department of Defense generates efficiencies, better managed programs, and, ultimately, savings.

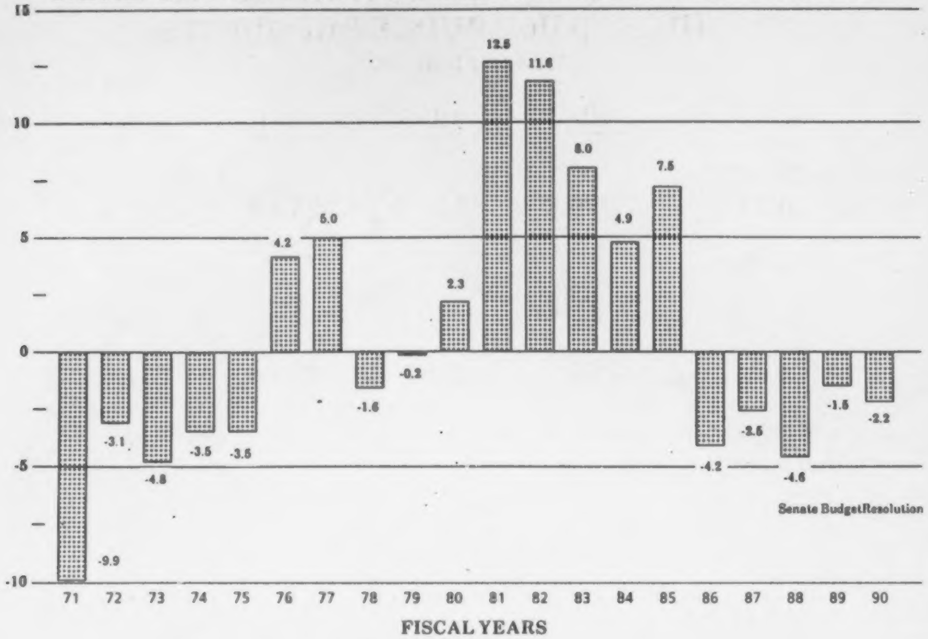
However, to be truly effective, the Department needs a two-year authorization and appropriation. I can assure you there are no technical reasons why a two-year defense budget cannot be implemented. The Department has submitted a workable plan to the Congress to remove all procedural issues and devise mechanisms to protect congressional oversight prerogatives. This can and should be done without insisting on wasteful procedures of annual defense bills.

The Senate Armed Services Committee (SASC) has taken a major step in authorizing defense spending for a two-year period for a number of defense programs and activities. The Appropriations Committees should seize on this rare opportunity to provide a two-year budget for defense and not lose the momentum in this most important budget initiative.

The irony is that our efforts to provide for adequate defense to meet real world situations through stable and predictable funding levels are thwarted continually by politically-motivated policies that utilize the defense budget as a deficit control tool. The congressional budget process has become so focused on outlay targets and deficit levels that it is difficult to redirect the debate to the very purposes of budget requests. Emphasis on short-term solutions to the deficit not only dampens debate on immediate defense requirements, but fails to recognize fully the long-term implications of today's reductions for national security.

This tunnel vision must end at the appropriations committees. It is left to you to reconcile budget resolutions and real world requirements. I am sure that neither the Congress nor the Department of Defense would risk repeating the past mistakes of seriously underfunding defense. Surely no one wishes to return to the era of hollow armies, and ships and aircraft unprepared to fight. It is left to the appropriations committees to maintain the integrity of our defense program in the midst of the politics of deficit reduction. I do not envy you your task, but I am here today to offer my support and to discuss with you the difficulty the Department of Defense will have if forced to implement the outlay targets proposed in the budget resolution.

REAL GROWTH IN DEFENSE BUDGET AUTHORITY



(Chart 1)

In the past six years the Administration and the Congress, working together, have been successful in restoring the needed level of national security. This has been an expensive task necessitated by the results of the chaotic defense budget pattern of the 1970's when the Department of Defense experienced negative growth in eight of ten years and a cumulative real decline in funding of 20 percent. The fact that recovery was expensive, requiring a massive infusion of resources, was unfortunate and would have been totally unnecessary had this nation sustained a consistent level of defense. While necessary in FY 1981, such a large, immediate investment in defense is not the preferable way to fund defense investments. In fact, the original defense program presented by this Administration envisioned an initial period of significant growth in defense resources, followed by a period of sustained but slowing rate of growth in order to support our investments and meet future challenges.

CONGRESSIONAL REDUCTIONS TO THE PRESIDENT'S DoD BUDGET REQUESTS

(Current $ Billions)

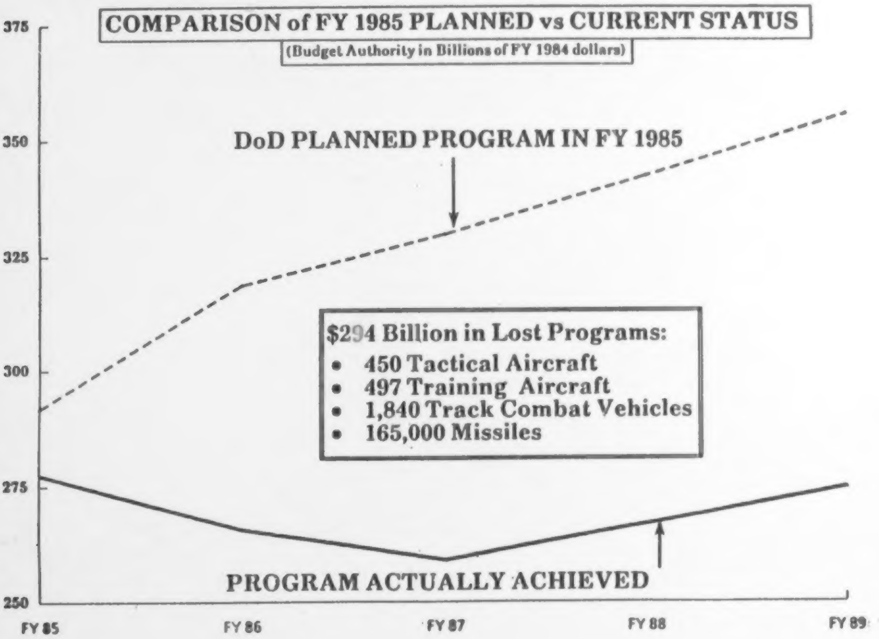
	1984	1985	1986	1987
PRESIDENT'S REQUEST	**273.4**	**305.0**	**313.7**	**311.6**
Congressional Reductions	-14.7 (5.4%)	-19.5 (6.4%)	-35.3 * (11.3%)	-29.9 (9.6%)
ENACTED **	**258.7**	**285.5**	**278.4**	**281.7**

* Includes $11.0 billion sequestered under G-R-H.

** Excludes Contract Authority.

(Chart 2)

Unfortunately, declining congressional support over the last few years has taken us away from this well-designed plan. Congressional reductions to the President's budget requests over the last four years alone total $99.4 billion. For FY 1986 and FY 1987, the Congress reduced the budget request by 11.3 and 9.6 percent respectively - almost double the FY 1984 and FY 1985 reductions. It is particularly instructive to look at the cumulative impact these actions have had on defense resources for FY 1985 through FY 1989.



(Chart 3)

Since transmittal of the President's FY 1985 budget in January 1984, defense budget authority has been reduced continuously and dramatically in response to concerns over the deficit and limited federal resources. The reductions to the FY 1985-FY 1989 budget plan now total $294 billion after adjusting for inflation. That figure represents loss of defense program - aircraft, missiles, tanks, research, maintenance, and training. Those who look at our budgets and see that we are still buying these weapon systems and funding these efforts fail to realize that these programs often have been stretched or delayed, resulting in inefficiencies and loss of procurement and production economies.

More than half of the adjustments were in procurement accounts where modernization efforts have been delayed. We have reduced the procurement plan by 450 tactical aircraft, 497 training aircraft, 1,840 tracked combat vehicles, and 165,000 missiles for the Army, Navy, and Air Force. Our sustainability goals for ammunition have been delayed 3 to 4 years. Cutbacks in equipment replacement and modernization have resulted in the retention of older tactical communications systems that break down more often, are harder to fix, and are more easily jammed. Reductions in the procurement of spare parts limit support for shore and afloat sites and decrease tactical air force sustainability. Ship modification reductions have required the operation of ships with less capable fire control systems, hull equipment, countermeasures equipment, and propulsion plants. Reductions have increased vehicle downtime and maintenance, as well as lowered unit capability and readiness. The tempo of operations for Army ground forces and many ships is not where we think it should be and lengthened depot maintenance repair cycles have increased the rate of equipment failure. In research and development, the technology base program to provide for long-term weapon qualitative superiority has not been expanded as planned, and options for our SDI program have been curtailed.

NATIONAL DEFENSE BUDGET

(Current $ Billions)

	BUDGET AUTHORITY			OUTLAYS		
	FY88	FY89	FY90	FY88	FY89	FY90
President's Budget	312.0	332.4	353.5	297.6	312.2	330.0
Reduction	-23.3	-33.2	-42.9	-15.9	-23.2	-31.4
House Budget Committee	288.7	299.2	310.6	281.7	289.0	298.6
Reduction	-23.0	-37.6	-55.6	-14.0	-24.2	-38.0
Senate Budget Committee	289.0	294.8	297.9	283.6	288.0	292.0
Add Back	+12.5	+12.5	+12.5	+7.0	+7.0	+7.0
Senate Budget Committee	301.5	307.3	310.4	290.6	295.0	299.0

(Chart 4)

Current Status of the FY 1988/FY 1989 Budget

The proposals being considered in the Congress for making drastic reductions to defense funding levels will continue to erode the achievements we have made and make efforts to continue our modernization program and military buildup difficult, if not impossible. Funding reductions of the magnitude being proposed by the House and Senate Budget Committees represent nothing less than a return to the 1970s, when national security requirements were underfunded. It is inconceivable that we would have invested so many resources over the last few years to establish capabilities that we are now apparently unwilling to support.

The House and the Senate Budget Committees have proposed a reduction to the President's FY 1988 defense request of $23 billion in budget authority. The House Budget Committee recommended a reduction of $15.9 billion in outlays, while the Senate Budget Committee reduced outlays by $14 billion. A potential reduction of this size would represent a real decline of nearly 5 percent of defense budget authority on top of the cumulative real decline of 7 percent the Department experienced for FY 1986 and FY 1987.

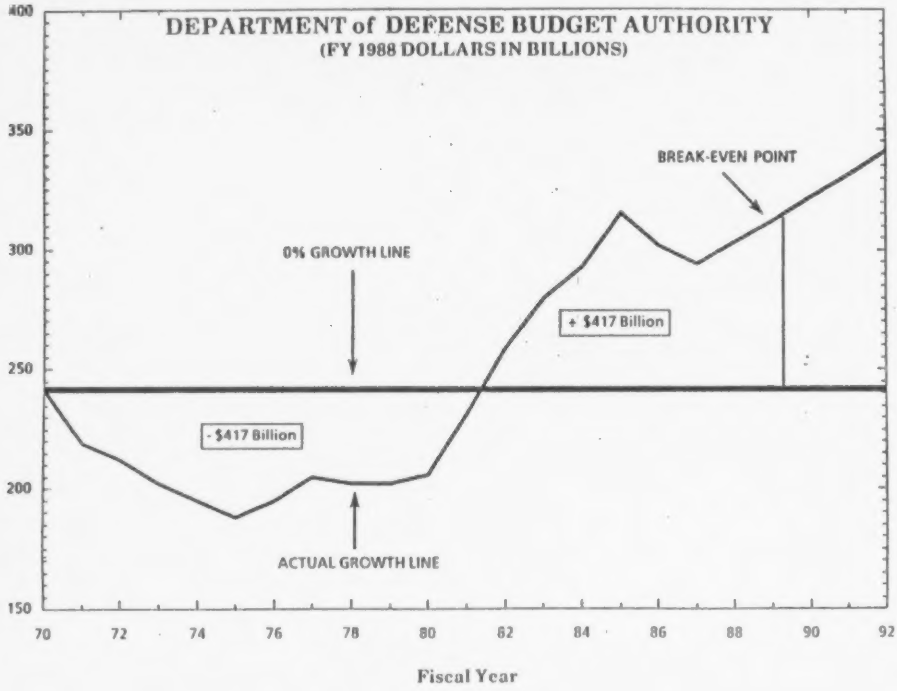
The Senate Budget Committee has adopted a plan that would add back $12.5 billion in Budget Authority and $7 billion in outlays provided that the President signs the Reconciliation Bill. This is similar to the FY 1987 budget resolution that contained additional defense spending contingent upon approval of a tax package, which was never approved.

Equally alarming is the fact that the ratio of budget authority cuts to outlay cuts virtually guarantees that the defense personnel and readiness accounts will have to be cut drastically to comply with the outlay targets. Military personnel and O&M reductions of approximately $7 billion each or procurement reductions of $40 billion or more will be required to achieve the size outlay reduction the Senate Budget Committee says they want.

If these resolution targets prevail, the appropriation committees face an impossible task in attempting to find budget authority reductions without either crippling readiness, derailing modernization, or resorting to more "smoke and mirrors" tactics. Many of the usual techniques for reducing defense without addressing programs will not be available. During preparation of the President's budget, in order to meet constrained fiscal targets of 3 percent real growth, the Department employed techniques so often used by the Congress in reducing defense funding. Programs were stretched, efficiencies were foregone and, in some cases, procurements were deferred in order to protect some military personnel and readiness areas. Nonetheless, while developed in a constrained fiscal environment, the budget does adequately fund defense priorities.

Further, financing alternatives utilized by the Congress in the past are not available this year. Continued low levels of inflation were assumed in the President's defense budget and no additional room for reduction there can be expected in the short-term. Fuel prices have been rising and the Department may well end FY 1987 with a funding deficiency in this area, unlike prior years. Finally, exchange rate fluctuations in the value of the dollar vis-a-vis foreign currencies have resulted in upward pressure and associated stress on the Department's resources and financial management.

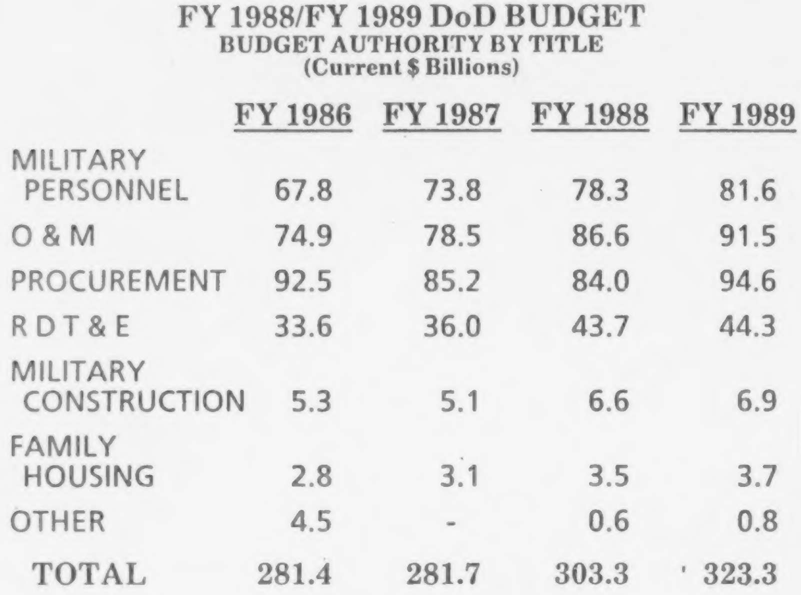
Therefore, we have reached the point where continued absorption of congressional reductions, such as those called for by the resolutions reported in the House and Senate, is no longer possible without undermining our security. After denying pay raises, strength reductions are about the only way to reduce military personnel costs. In the operations and maintenance accounts, the reductions occur at a time when the Military Departments are fielding much of the new equipment procured in prior years. The O&M reductions currently debated in the Congress will degrade the warfighting capability of our combat forces and result in backlogs in maintenance and repair. However, any option that the Department might have to protect military personnel and readiness would destroy all hopes for weapons modernization, not to mention the higher costs due to less competition, fewer multiyear contracts, and fewer economic procurements. The reductions in research and development undermine the effort to field technologically superior military systems in the early 1990's and give the Soviets an advantage in the pursuit of sophisticated technology.



(Chart 5)

It is going to take more time and resources to recover from the lack of a stable defense program during the 1970's. Only if the Congress approves our current budget request for FY 1988 and FY 1989 would we recover program losses that resulted from the failure to maintain even a zero growth level since 1970. However, if the funding levels being considered for the budget resolution are enacted, we will not even recover from the funding and associated program losses of the 1970's until 1992. We would be heading on another disastrous path toward insufficient defense funding. Clearly, this is not a desirable funding profile and inherent in this roller coaster pattern are program inefficiencies and uncertainties with associated lost economies. It will take another major funding infusion to recover from this return to negative funding for defense. How much more sensible it would be, from both an economic and military standpoint, to provide even a moderate growth funding profile than one that involves dramatic and wrenching increases or decreases in resources.

FY 1988/FY 1989 DoD Budget



FY 1988/FY 1989 DoD BUDGET
BUDGET AUTHORITY BY TITLE
(Current $ Billions)

	FY 1986	FY 1987	FY 1988	FY 1989
MILITARY PERSONNEL	67.8	73.8	78.3	81.6
O & M	74.9	78.5	86.6	91.5
PROCUREMENT	92.5	85.2	84.0	94.6
R D T & E	33.6	36.0	43.7	44.3
MILITARY CONSTRUCTION	5.3	5.1	6.6	6.9
FAMILY HOUSING	2.8	3.1	3.5	3.7
OTHER	4.5	-	0.6	0.8
TOTAL	281.4	281.7	303.3	323.3

(Chart 6)

The President's defense budget continues to pursue the major national security goals that were established in the earliest days of this Administration. In support of those goals, the budget provides continued research associated with the Strategic Defense Initiative in order that this nation will not remain totally vulnerable to nuclear attack.

The budget continues to modernize our strategic forces, to support adequate compensation and quality-of-life for our military personnel, and to maintain the conventional forces that become all the more important if a successful arms control agreement is achieved. Critical to all of this is the need to sustain readiness of our improved forces. Readiness is a perishable item that, like personnel, must be funded each year. Reduced funding levels in these areas mean reduced readiness and fewer personnel. The progress realized over the last six years in all areas of defense will be dispelled under funding reductions far faster than they were achieved.

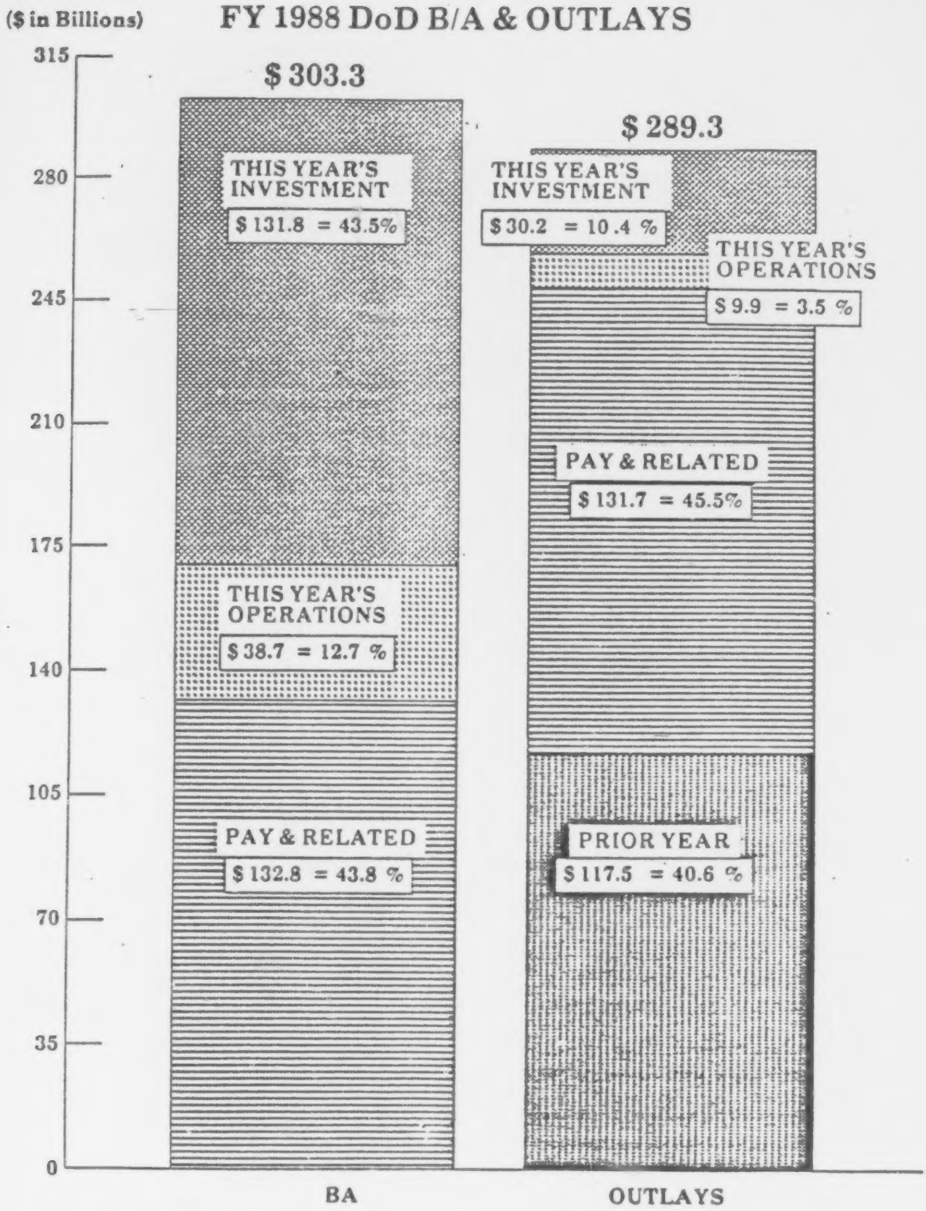
The priorities in personnel and force readiness and in weapons modernization must be reconfirmed and continued. There have been few new programs presented to the Congress since the outset of this Administration. The FY 1988/FY 1989 investment accounts are primarily a continuation of existing programs.

FY 1988/FY 1989 DoD BUDGET
BUDGET AUTHORITY BY MILITARY COMPONENT
(Current $ Billions)

	FY 1987		FY 1988		FY 1989	
	Dollars	Share	Dollars	Share	Dollars	Share
ARMY	74.5	26.4%	80.1	26.4%	84.8	26.2%
NAVY/ MARINE CORPS	95.3	33.8%	102.3	33.7%	108.7	33.6%
AIR FORCE	93.8	33.3%	100.4	33.1%	107.2	33.2%
DEFENSE AGENCIES/ DEFENSE WIDE	18.1	6.4%	20.5	6.8%	22.6	7.0%
TOTAL	281.7		303.3		323.3	

(Chart 7)

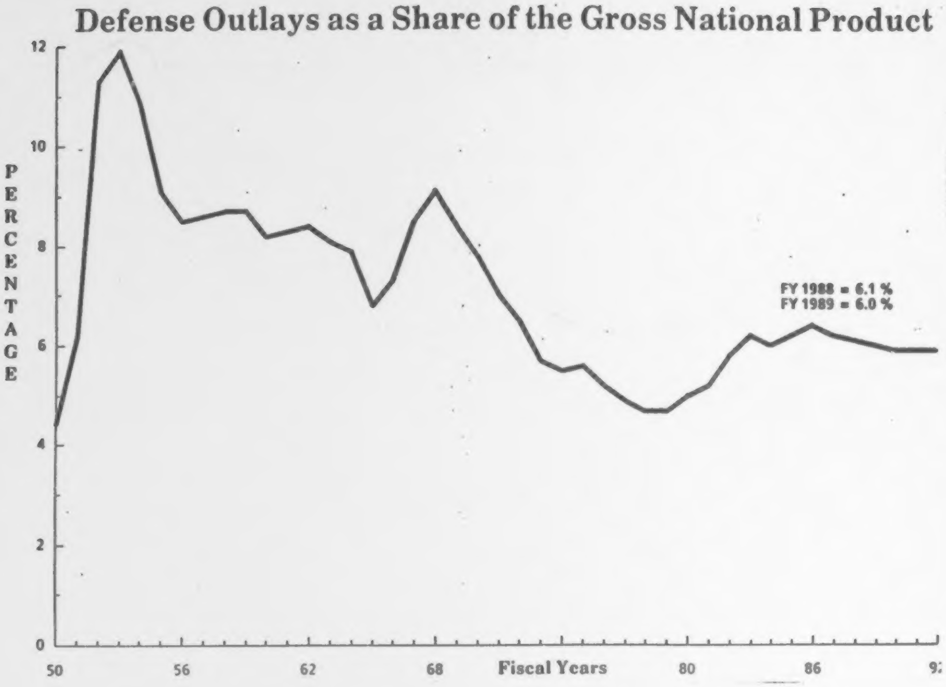
This budget is balanced between the Military Departments, where the shares of the budget have been relatively stable for several years; balanced between conventional and strategic forces, with less than 15 percent devoted to our strategic forces; and balanced by functional areas.



(Charts 8)

We have attempted to protect our military personnel from the effects of large budget reductions and we continue to give readiness a priority over weapons modernization. More than 40 percent of the budget is for personnel related costs and more than 40 percent for investment in weapons, research and development, and military construction. The remainder is for current operating costs. With respect to outlays, 40 percent of the total will derive from prior year programs and about 45 percent for pay and related costs. Only 10 percent of outlays will derive from current year investment.

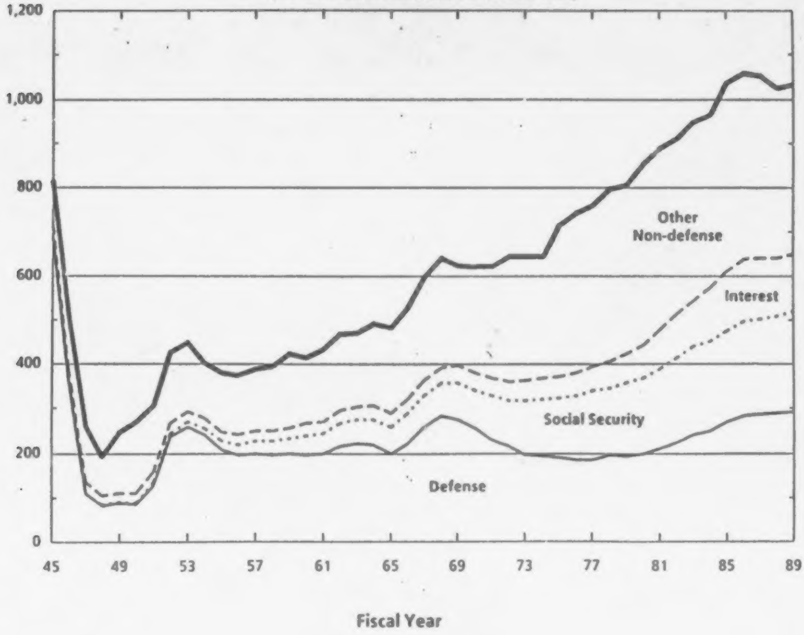
Affordability of Defense Budgets



(Chart 9)

Even though the risks we face are not diminishing, some still maintain that our defense efforts must now be relaxed because the United States cannot afford the necessary levels of defense resources. Unfortunately, a review of history shows that limiting the resources we provide for our national defense has serious consequences. During those extended periods when defense has consumed a relatively low percentage of the Gross National Product (GNP), serious shortcomings in our defense posture resulted. In the past 45 years, there have been only two sustained periods when the allocation of the nation's resources to national security were below 6 percent -- following World War II and after the Vietnam conflict. The reduced defense spending after World War II left the nation unprepared for the Korean War, and the decade of neglect that followed Vietnam saw a serious deterioration in the nation's defense capabilities and a shift in the world military balance.

Based on national security requirements and the current projection of economic growth, an average of 6 percent of the GNP will be required for defense over the next five years, a level that is both economically affordable and strategically sound.



Federal Outlays
(FY 1988 Dollars in Billions)

(Chart 10)

The defense buildup has not been funded at the expense of nondefense programs nor has it been the cause of increased deficit levels. A look at real defense and nondefense outlays over the past 15 years shows that defense spending declined during the 1970s and only experienced a period of sustained growth between 1981 and 1985. Nondefense spending has been rising steadily since the end of World War II. As defense spending requests have been reduced over the last few years those reductions have been more than offset by increases in other areas of the budget.

DEPARTMENT OF DEFENSE
FY 1987 PERSONNEL, READINESS, AND CRITICAL PROGRAMS
SUPPLEMENTAL
($ in Millions)

	Request	House	SAC Mark
"MUST PAY" BILLS AND READINESS			
Fully Funded 3 Percent Pay Raise	100	0	0
Overseas Station Allowance	342	387	0
CHAMPUS	340	302	425
Training/Related Support	262	59	187
Ammunition	240	0	0
Subtotal	1,284	749	612
CONGRESSIONAL PRIORITIES			
Chemical Demilitarization	500	0	0
Special Operations Forces (SOF)	330	259	0
NATO Initiatives	60	10	0
Operational Test & Evaluation	120	11	25
Manufacturing Technology	0	11	0
Subtotal	1,010	291	25
STRATEGIC DEFENSE INITIATIVE	500	0	131
TOTAL BUDGET AUTHORITY	2,794	1,040	768

(Chart 11)

FY 1987 Supplemental

My concern over the status of our FY 1988/FY 1989 budget request is heightened by this committee's action on the Department's proposed FY 1987 supplemental request. Of the $2.8 billion requested in the program supplemental, this committee denied $2 billion. The action taken to deny so much of the supplemental request is even more disturbing because very few of the alternative financing options that were used in the past remain available to the Department. Unobligated balances have been tapped so much in recent years to finance unfunded priorities, that the original programs to which these balances applied are now threatened. Last year we assisted the Congress in identifying about $10 billion of assets resulting from lower prices. The amounts now left for inflation are low and, because of the prospect of increased prices this year, the possibilities of finding such significant cost savings again are indeed rare.

The DoD supplemental requests funds to implement congressionally-mandated programs, for which the Congress provided the "language" but no money. It requests funding to continue very high priority programs of the President, as well as of the Department. And, I must reemphasize that the DoD supplemental requests funds for bills that must be paid, many of which have increased even more since formulation of the supplemental. Failure of the Congress to fully fund the military pay raise, CHAMPUS, and overseas station allowances adversely affects already constrained military personnel accounts. Absorption can only be accomplished by delaying accessions, promotions, or PCS moves and possibly implementing an even more extensive program of early release. Any of these actions impacts detrimentally our ability to recruit sufficient numbers of personnel, to maintain readiness, and to sustain morale. This, in turn, will have devastating effects on our ability to support the equipment now entering service. Absorption is, in reality, another word for budget reduction and the Congress cannot continue to ignore legitimate funding requirements by directing absorption without acknowledging the resulting effects on military capability.

Conclusion:

In this period of constrained resources, the Department of Defense has made significant progress in revitalizing our military forces through increasingly efficient and economic programs. This is increasingly difficult to continue as severe reductions result in the need to stretchout programs and restructure procurements. Ultimately, we have to pay a price for underfunding our requirements, not only in inadequate defense, but in inefficiencies and diseconomies.

The President's budget requests funding for legitimate national security requirements. The budget resolution has imposed arbitrary and inconsistent limitations on defense resources and spending levels. The Senate Armed Services Committee recognized the need to maintain defense by reporting out funding levels above those proposed in the budget resolution, although the higher levels are linked to increased revenues. I hope that the Senate Appropriations Committee will follow the example of the authorization committee and consider appropriations for the two-year defense program.

Your recommendations and the ultimate appropriations legislation will affect, not only defense efforts for the coming fiscal year, but for years ahead. We must stop this downward slide in defense funding. The only factors that would justify such reductions would be a marked reduction in Soviet military capabilities and a marked improvement in Soviet behavior. Neither has occurred. Therefore, we must provide for reasonable and stable defense resources. Otherwise, three years from now we may find that our euphoria over any deficit reduction that might be achieved would be dispelled by deep worries over our weakened defenses.

Chairman STENNIS. All right. You are putting all your statement in the record, though.

Secretary WEINBERGER. Mr. Chairman, General Herres did have a statement that he planned to make.

Chairman STENNIS. All right, General, we will recognize you, sir.

PREPARED STATEMENT OF ADMIRAL CROWE

General HERRES. I have a brief statement, sir.

As you know, I am here to represent Admiral Crowe, and I am honored to appear as his representative spokesman for the President's budget for fiscal year 1988. The Admiral asked me to thank you for your understanding in light of his temporary absence. He is attending to important duties in Europe, and he requests that you insert his longer statement into the record.

[The statement follows:]

STATEMENT OF

ADMIRAL WILLIAM J. CROWE, JR., USN

CHAIRMAN OF THE JOINT CHIEFS OF STAFF

INTRODUCTION

Mr. Chairman and members of the Committee. I welcome the opportunity to appear before you today and report on the overall condition of our military establishment.

A considerable amount of water has passed under the legislative bridge since my testimony on the FY 1987 budget. In that budget the Congress chose to cut the President's defense request dramatically and for the second year in a row to legislate negative growth in our appropriations. Throughout this process I heard a great deal about the "fiscal" and "political" realities that dictated such action, but all too little about the "military" realities we face. This year I believe it is imperative to go back to fundamentals, i.e., to review the strategic landscape and to consider the "military" realities carefully before deciding what resources will be committed to our defense over the next two years. In an attempt to aid this process, I will this morning address four subjects:

- Linkages between strategy, force structure, hardware and people;
- The East-West balance, including capabilities of U.S. and allied forces in comparison with our potential adversaries;
- The President's budget; and
- A brief look ahead.

LINKAGES BETWEEN STRATEGY AND THE MILITARY

To begin, the role of U.S. military forces is shaped by national security policies which have remained essentially unchanged since the late 1940's:

- Preserve the independence, freedom of action, and territorial integrity of the United States;
- Support U.S. and allied vital interests abroad; and
- Encourage an international order in which our freedoms and democratic institutions can prosper.

These policies genuinely describe what our strength, especially our military potential, can do for us in an often violent and turbulent world. The main point to keep in mind is that our military forces contribute to achieving these objectives every day not just when the nation is under direct attack.

Defense Policies

Our military posture is further shaped by some basic themes which have evolved in the post World War II era. We strive to:

- Deter wars rather than fight them. This strategy of deterrence aims to make war or the threat of war too risky for any hostile power or combination of powers to contemplate.
- Optimize our collective security arrangements and forward defense posture through combined defense planning with allies in Europe and Asia and through vigorous security assistance programs. At the heart of this policy is the principle that the capabilities of the whole will be greater than the sum of its parts. In turn, our coalitions present potential adversaries with formidable political, psychological and ideological challenges--as well as enhanced military power.
- Maintain robust central reserves supported by global mobility. Many of our treaty commitments are bolstered primarily by our power projection forces. Indeed, many strategists in and out of the Pentagon now recognize that real-world deterrence depends upon our inherent capability to "get there firstest with the mostest," deal effectively with the threat at hand, and withdraw just as quickly from the scene of action.
- Pursue a vigorous arms reduction policy which seeks equitable, effective and verifiable arms agreements with potential adversaries. For more than fifteen years, we have been trying to engage the Soviets in an agreement which will sharply reduce offensive nuclear arms.

Military Strategy

Historically, the United States has attempted in peacetime to maintain sufficient capability to blunt initial attacks on our own interests and to form a nucleus around which we can expand for major hostilities. In practical terms, this means that we do not attempt to match potential adversaries weapon for weapon and man for man, but to develop quality forces and "edges" (marginal superiorities) that will deter our enemies by keeping their level of uncertainty high or allow Washington to manage crises in a manner that will prevent them from escalating or getting out of hand. In essence, we are betting that in major war we can expand our peacetime forces and bring our total resources (technological, industrial, personnel, economic, political) to bear so that we will ultimately prevail. This is an appropriate policy for a democracy but it also leaves little room day-to-day for miscalculation. More importantly it means that since we operate on the margin seemingly small reductions in our peacetime capability may result in large increases in the risk. It is imperative that the nation understand this fundamental relationship.

Over the course of time, we have followed a number of principles in determining how to build and deploy our forces. For instance, we attempt to:

- Plan in a total force context--i.e., active and reserve forces of the U.S. and its allies, host nation support in forward areas, various types of combat service support from civilian sectors, and allied military enhancements underwritten by our security assistance program;

- Exploit the deterrent value of nuclear forces while avoiding a nuclear war;
- Defend forces in-being against an initial attack at a time and place of the enemy's choosing;
- Emphasize our qualitative advantages--technical, personnel and organizational--to defeat an adversary who will normally outnumber us on the field of battle;
- Expand our forces rapidly in the event of major crises and especially in all-out war; and
- End any conflict on terms favorable to the U.S. and its allies.

Given our built-in pluralism and constrained resources, it is very difficult to bring all these policies and principles together even when you are not worried about static or sagging expenditures for defense.

THE EAST-WEST BALANCE

Cutting across the strategic landscape--and in many respects dominating it--is the East-West balance. In my view, a number of factors are imperative to consider: geography, economic defense potential, allied contributions, and military trends over time.

Geography

Geographically, the Soviet Union has a very large border and airspace to defend--much larger than ours--and a disadvantage in its limited access to the open oceans and non-European friends. For our part, the United States is much more dependent upon its use of international airways and oceans, not only in its daily commerce but also in cementing its far-flung alliances. Thus, geography tends to provide a mixed picture of inherent strengths and weaknesses.

Economics

On the other hand, economic defense potential clearly favors the U.S. and its allies as compared with the Warsaw Pact. Today, for example, our gross national product is nearly twice that of the Soviet Union. Similarly, NATO as a whole continues to outpace the Warsaw Pact by a factor of two-to-one.

Today, we also see the Soviet Union struggling to overcome weaknesses endemic to its system: the difficulties of running a "command" economy with no measure of profit and loss, depletion of their European mineral base, challenges of developing alternative resources in Siberia, lack of discipline among workers, management shortcomings revealed in the Chernobyl disaster, and a host of problems keeping political and economic relations with Eastern Europe on an even keel.

Thus, by general measures of economic strength, the U.S. and its allies are considerably stronger than the Soviet Union and its allies. But how the money is spent also is a critical factor. Like Axis Powers in the 1930's, the Kremlin continues to stress armaments at the expense of all other sectors of the economy.

Allied Contributions

With respect to allied contributions, Western Europe routinely accounts for about 30% of all military expenditures by NATO members and provides about 60% of the active military personnel, as well as 60% of the ground and air combat units. In Northeast Asia, South Korea and Japan also field the bulk of deterrent forces numbering 600,000 and 250,000 military personnel respectively. By comparison, we normally have about 130,000 military personnel stationed, ashore and afloat, in the Western Pacific.

On the other side of this coin, few of our allies have a nuclear deterrent of their own and, in the postwar years, many stressed ground and air capability rather than naval strength in their defense planning. Thus, in the overall scheme of things, it is necessary for the United States to place a high priority on its strategic nuclear umbrella, global maritime superiority and strategic mobility forces.

For its part, Eastern Europe normally accounts for about 15% of all military expenditures by the Warsaw Pact. The USSR shoulders the other 85% and, in turn, dominates the Pact's High Command, military strategy, force structure, and hardware. In this situation, it is relatively easy for the Soviets to achieve economies of scale in military production and standardization of equipment and tactics among Warsaw Pact forces. But they can never be certain that the forces or peoples of Eastern Europe will rally around a call from Moscow. I suspect that this one uncertainty weighs most heavily on the minds of the Russian leaders.

On balance, our allies shoulder a much greater defense burden in Europe and Asia than do allies of the USSR. Of course, we would prefer that many of them do even more and we strongly encourage them at every opportunity. Nevertheless their contributions are most significant and count heavily as a factor in our favor.

Trends in the Military Balance

Still overall trends in the military balance give us little cause for optimism and strongly call for greater U.S. effort.

- Our strategic nuclear deterrent is neither as secure nor as dominant as it once was. Particularly disturbing is the Soviet emphasis on strategic defense --the steady hardening of command and control facilities, a very robust defense against air-breathing threats, and an ABM system with potentially nation-wide coverage. Concurrently, we see their large ICBM force becoming more hardened and mobile, their submarines more quiet, and their bombers more capable of intercontinental missions.

- Soviet conventional capabilities on and around the Eurasian Continent are much greater than they were two decades ago. In these forward areas, we have always been considerably outnumbered by Soviet ground and air forces. Now we are also seeing our qualitative edge erode.

- Soviet surrogates in Asia, Africa, and Central America are more heavily armed and troublesome than they once were. In turn, they are much more inclined to support terrorism, subversion, and greater forms of aggression against their neighbors and the West in general.

While the likelihood of a major Soviet assault on Western Europe is perhaps remote, the coercive threat of Soviet military power will loom over the Eurasian Continent for many years to come. Moreover, the Soviet Government has never departed from policies holding that its allies and surrogates in the Third World must remain strategically subservient to Moscow and that the rest of the world is an open field for destabilizing actions.

Further, we see no slackening in tomorrow's military investments. By their own admission, such expenditures will continue on an upward slope--just as they have over the last four decades. All of this puts an enormous burden on the Soviet economy, but I see no sign that the system cannot sustain such an effort.

In my view, these and other indicators strongly suggest that we must prepare ourselves for a marathon, not a short-term sprint, in the military competition with the USSR. That thought must be a cornerstone of any successful U.S. strategy. Yet, this is one of the most difficult ideas to get across to the U.S. Congress and the American people. Frankly, our history would argue that where military preparedness is concerned, we are notoriously short-sighted.

Net Assessment of Military Capabilities

Moving on, I recognize that this Committee is interested in more than broad trends in the East-West balance. You want to know more specifically how the capability of U.S. armed forces and those of our allies compare with those of the Soviet Union and its allies.

Strategic Forces

First, strategic forces. There is no question that in the static sense the Soviets have reached strategic parity or better. This is one of the major shifts in the balance between the two superpowers wrought in recent years. They have clear superiority in ICBM's and overall megatonnage. Hardened communications (C3) and passive defense measures give them a survivability U.S. forces do not yet have. Likewise, the Soviets are further along in shifting to mobile missiles and are posturing themselves for a possible ABM breakout.

On the other hand, the U.S. ballistic missile submarine force is less vulnerable than the Soviets and we have a more effective bomber force still capable of penetrating the USSR. Moreover, the President's strategic modernization program if fully implemented--MX, D-5, B-1, ATB, C3 initiatives and Small ICBM--will prepare us for the long haul, keep pace with Soviet improvements offensively, and correct our more glaring deficiencies.

Thus all things considered, I am relatively confident that strategic forces and programs which are being proposed will deter a direct nuclear attack on the U.S. and our allies. But I must reemphasize, for that judgment to continue to be solid, it is imperative to stay the course with our strategic modernization programs.

Maritime

The maritime picture is the second major shift in Soviet strategic policy.

Throughout the immediate postwar period the U.S. enjoyed undisputed mastery of the seas, but the Kremlin was not easily discouraged. By the late 1970's the Russian Navy had made tremendous inroads into our margin of superiority and the trends were even more alarming. We have now reversed these curves--particularly in overall shipbuilding--but the Soviets are on the high seas to stay.

Our main concern is a "blue water" Russian fleet pushing its area of operations further and further from the homeland. By stretching our forces and tactics to the limit and working harder to understand Soviet naval thinking, we still hold a slim margin of superiority on the high seas. But whether that margin holds up will depend, in part, on our reacting quickly to indications and warnings and our willingness to match their forces and efforts. As an example, we must take full advantage of the superiority of our nuclear attack submarines and carry the battle to the Soviets in the forward areas. Without such pressure, we could expect to see a major breakout by Soviet naval units and formations on to the sea lines of communications.

While we still enjoy an advantage in seaborne air, amphibious forces, and underway replenishment, and in support we receive from allied navies, a significant challenge on the high seas is growing out of Soviet success in:

- Deploying very advanced anti-ship missiles which are constantly improving;
- Increasing their over-the-horizon targeting capability by exploiting space;
- Improving submarine propulsion (speed and quietness) and metallurgy (depth); and
- Steadily improving their ASW capabilities.

In essence, we cannot afford to relinquish naval superiority to the Soviets. To do so would jeopardize our coalitions, economic and trade dependencies (which are now necessary in war as well as peace), and capabilities to project our power overseas. Our ability to prevail at sea is a cornerstone of our overall strategy.

NATO/Warsaw Pact

Turning to the NATO/Warsaw Pact balance, major trends are generally adverse to NATO. I have already spoken to the implications of strategic parity. Moreover, we have essentially no deterrent to chemical warfare in NATO or elsewhere--this is a crucial weakness when confronting the USSR. Reinforcing this trend has been the extensive Soviet modernization, expansion, and reorganization of their theater forces.

Further, the Soviets are better able than NATO to conduct theater nuclear war in Europe. Today they possess a proncunced superiority in numbers of intermediate nuclear forces, both long- and short-range. Similarly, our one-time lead in battlefield nuclear systems has disappeared.

In light of these developments, conventional forces assume an added significance. The Soviets have always had imposing ground forces but the gap in numbers of modern weapons continues to widen. In ground equipment they lead the U.S. and also NATO in virtually every category by ratios ranging from 1.5 to 1 to 6 to 1. Moreover, we have lost our lead in surface-to-air missiles and anti-armor capability. Similarly, NATO's qualitative edge in ground systems may have eroded somewhat. On the other hand, NATO ground forces on the Central front have made progress in the use of combined arms and in the fielding of modern equipment. Similarly, the sustainability of U.S. forces has improved markedly over the last few years. Unfortunately, the stocks of certain munitions among the allies have not improved appreciably and could be exhausted too quickly.

On the plus side, the NATO qualitative edge in tactical aviation while somewhat diminished has not disappeared. It is not clear, however, what this will mean against the numerical advantages of the Soviet air forces (offensive and defensive) which run in the neighborhood of 2.0 to 1. I have complete confidence that the quality of our pilots and weapon systems would permit us to exact high exchange ratios but overcoming the impressive numbers of Russian medium-range bombers, fighter bombers, interceptors, and surface-to-air weapon systems will be a sporty course. The outcome is difficult to predict.

We will, of course, have the support of our naval forces in Europe and, as I mentioned earlier, the Soviets have yet to surpass our lead.

To put all of this into perspective, NATO capabilities are still deterring a war in Europe. Surely, the prospect of having to fight 16 nations at once remains a sobering one for the Kremlin.

But if, for some reason, war breaks out, maintaining a successful forward defense will be a "near thing." Barring a major change in the dynamics of the competition, NATO can no longer hope to offset Pact numbers merely by improving the quality of its equipment or relying on the dedication of people defending their own territory.

In the final analysis the military balance in Europe is not encouraging and needs a great deal of tending--politically as well as militarily.

East Asia

Until the late 1960's Moscow paid little attention to the defense of its eastern provinces and its strength in the Western Pacific. With the PRC's breakaway from the Soviet orbit and the burgeoning affluence of East Asia, the Kremlin began to build up its forces in the region--not by drawing down in Western Europe, but by commissioning new units and increasing defense production to help them.

Overall, the balance on the Chinese border favors the Russians in every way except manpower and as yet the Chinese have been unable to turn things around--preferring to put their current priorities elsewhere. The one exception is Chinese nuclear capability which provides "minimal deterrence" of a sort.

Nevertheless, China looms large in the Kremlin's calculations--witness the gradual buildup from 20 to 50 Soviet divisions on the Chinese border.

On the Korean Peninsula, Pyongyang has made a determined effort to outstrip the South's forces. Besides this general buildup several recent initiatives are particularly worrisome--the relocation of a number of 2nd echelon divisions close to the DMZ and recent emphasis on improving special operations forces both quantitatively and qualitatively. However, as long as North Korea is not directly assisted by the Soviet Union, United States augmentation--especially our air power--should make the difference in deterring or, if necessary, defeating the North. The fact remains, however, the Peninsula is an unstable focal point with a significant threat of major war lingering on the horizon.

In the context of global hostilities, the East Asian area presents both opportunities and challenges to U.S. planners. We have significant leverage against Soviet naval and air forces in the region which both reduces the threat to our sea lines of communication, and constrains the Kremlin's ability to accomplish its strategic goals in the Far East.

Further, our political relationships generally work in our favor. It is clear that PRC forces tie down substantial Soviet ground and air deployments in the region and that Beijing puts considerable stock in its U.S. tie. In a similar vein, Japan is a pillar of U.S. strategy in the Pacific. Without Japanese cooperation, it would be difficult to bottle up the Russian fleet, augment South Korea, and find sufficient bases to support continuing operations against the Soviets. Likewise, the health of the U.S.-Philippine relationship, politically and militarily, impacts heavily on the regional balance. Obviously, the firmness of U.S. alliances will rest to a great degree on our ability to successfully confront the Soviets in the region and, in the event of war, to keep open our sea lines of communication to the Western Pacific.

While predicting what the Soviets will do is a hazardous business, I am inclined to believe that any U.S.-Soviet confrontation in the Pacific will take its lead from events in Western Europe or elsewhere. This means that we would most likely be fighting a containing action as well as supporting our Pacific allies. While the prospects for achieving our objectives in Asia are encouraging, there is clearly a great deal to be done before we can confront the future with confidence.

Power Projection

Turning to power projection, the Soviets have long been able to project military power successfully adjacent to their borders. Basically the Russians' continental location and large resource base gives them an asymmetrical advantage vis-a-vis the U.S. when applying force in Western Europe and along their immediate periphery--witness events in Afghanistan.

In the last decade the Kremlin has increased its ability to project forces, employing cargo aircraft, naval units and non-military shipping, although Washington continues to enjoy a distinct advantage where long range lift is concerned. However, the Soviets have developed a style of power projection that avoids confrontation with U.S. units, e.g., through the use of Cuban proxies, arms sales to clients, covert operations, and intervention in areas where U.S. action is not anticipated.

In general, we still retain a distinct advantage over the Soviets in strategic lift--airlift, sealift, and capabilities to project force over long ranges. Southwest Asia, however, continues to place a heavy stress on our power projection capabilities. Gradually, we are overcoming the challenges--distance, reception facilities, and the harsh environment--with innovative planning and exercises. But more capabilities are required in a number of areas to fully meet these challenges.

Aside from Southwest Asia, I am confident that in a direct confrontation, U.S. forces, because of our lift advantages, could prevail over Soviet troops operating far from their homeland. The only question is whether we may move soon enough in response to a military challenge.

Special Operations Forces

Because they so often operate behind the scenes, straight one-on-one comparisons of our Special Operations Forces and Soviet "SPETSNAZ" are difficult to derive and sensitive to portray in an open fashion. Nevertheless, several points are worth noting. Both sides depend upon such forces to complement conventional forces in general war planning. But the Soviet side tends to use its SPETSNAZ more routinely in low intensity conflict as during the Czechoslovakia invasion of 1968 and in the current Afghanistan campaign. Their capability for covert and clandestine operations also fits into the Kremlin's policy of keeping pressure on the West through state-supported intimidation, terrorism, and subversion--and making sure that no surrogate ever gets out of the Soviet camp. In short, the Brezhnev doctrine and SPETSNAZ go hand in hand.

Against this background, there is no question that our SOF have become very good at the business of counter-terrorism. In 1981, our capability was very limited; now we probably have the best in the world. But this is a rather narrow field and we are still groping to fit our SOF--and other forces--into an overarching strategy to meet the threat of low intensity conflict. Further progress should be possible with more focused organizational arrangements, including the new Special Operations Forces Command, and increased emphasis on procuring the specialized equipment and training for these types of operations.

Overall, I believe we are building a credible and effective capability against state-supported terrorism, subversion, and other forms of indirect aggression against the West. But, a great deal of hard, constructive work still lies ahead in this area.

Net Assessment

In summary, it is clear that the investments made in the last 8 years have materially improved the foregoing net assessment from the U.S. standpoint. It is equally obvious that the picture is a dynamic one, that the Soviets are working diligently to improve their position across the board, and that there are still a number of serious gaps in our own posture. On balance, we still need a number of years' growth before we can face the future with confidence. In particular, I cannot help but be alarmed by the signal which a continuing zero or negative growth defense budget would send to both our allies and potential opponents in Europe. Frankly, such a signal at this time is not justified by the threat, the political climate or the military situation.

THE PRESIDENT'S BUDGET

Against this background, the President is starting anew with the 100th Congress by proposing three percent real growth in defense spending against the FY 87 baseline.

The Joint Chiefs believe that the budget for FY 1988-1989 supports the nation's strategy and will reinstitute modest real fiscal growth so necessary to long-term health. The Chiefs and CINCs participated in the formulation of the budget and while it is by no means risk-free they are satisfied that appropriate compromises and trade-offs have been struck at the resource level which has been set. The budget continues the modernization of the equipment for our forces both nuclear and conventional; includes growth in naval force structure; addresses our more pressing sustainability shortages; provides an appropriate balance between readiness and modernization; preserves the kind of quality manpower which is the backbone of our forces; and, with an eye to our reliance on quality technology, continues to emphasize research and development accounts. Secretary Weinberger's statement has addressed each of these areas in detail. Consequently, I will only mention some of the more significant items.

Military Personnel

As I noted last year, our most precious asset is quality personnel--the cornerstone of our military establishment. This year, the President's budget continues support for adequate levels of compensation accompanied by a modest increase in military pay and additional funding for family housing. This action will sustain a personnel picture which overall remains healthy.

Too often, we are inclined to count people as the intangible factor in the military balance. So I believe it is useful to cite one area where your support has paid extremely high dividends. We are the best in the world at operating and supporting complex weapon systems under night/all-weather conditions. I see this in all of the Services and count it as one of our strongest cards in managing crises and deterring our adversaries. It all flows from the talent, high morale, and competitive spirit of our officer and enlisted ranks.

Strategic Modernization

The Chiefs have consistently made strategic modernization their number one priority. Our TRIAD of strategic nuclear forces is the umbrella under which all our deterrent forces operate and undergirds the security policies of our allies as well. In the face of unrelenting Soviet efforts to modernize their strategic weapons across the board, we have no choice but to refurbish all three legs of the TRIAD. The MX, Small ICBM, Trident, D-5, B-1B, ATB and accompanying C-3 programs are designed to give us an updated deterrent which will see us into the next century.

In a similar vein the JCS support the President's Strategic Defense Initiative which will determine whether an alternative to sole reliance on the threat of nuclear retaliation is feasible. It is both prudent and moral for the United States to explore means for ending the dominance of offensive ballistic missile weaponry.

Concurrently, the JCS strongly applaud efforts by the President to achieve progress in arms reduction negotiations. While I believe there are some encouraging signs, I do not see any immediate breakthrough in the offing or any reason to relax our strategic modernization initiatives. Negotiations are not a substitute for force modernization; rather negotiations and our modernization efforts are mutually reinforcing.

Conventional Force Modernization

It should be obvious from the comparison of U.S.-Soviet forces that we have some pressing needs in our conventional forces which must be corrected if we are to move into the 1990's with confidence. The number one priority is to maintain our qualitative edge on the field of battle and the President's budget takes a positive step in this direction--in both procurement and R&D funding.

While we have made great progress over the last few years, it is also important to stress that we are only mid-stream in the conventional force modernization process. To cite some expected end FY 1987 figures:

- About 25% of the Army's active mechanized battalions and 40% of its tank battalions will be re-equipped with the Bradley Fighting Vehicle and M1;
- From 50% to 65% of our tactical air wings will have received new fighter/bombers;
- Some five out of fifteen carrier battle groups will have AEGIS; and
- About 36% of our submarine force will be operating basic or improved versions of the 688 Class.

More progress will be made as equipment currently in the pipeline reaches our combat forces. But it should be clearly understood that we are stretching out and, in turn, delaying the modernization effort.

As explained in the OMB Budget Summary this is a direct consequence of fiscal austerities and, in some cases, a deliberate decision to buy more modern munitions and fewer platforms. Only in FY 1989 does procurement in general resume an upward slope and that, of course, is contingent upon Congressional approval of the President's two-year budget request. The bottom line is that many of our active and reserve units will remain behind the power curve in quality, particularly as reinforcements for NATO.

Chemical Warfare

Of special note are the requested funds for chemical weaponry. These programs are necessary to offset a serious disadvantage on the battlefield and to counter offensive and defensive asymmetries strongly favoring the Soviet Union. From the perspective of the American fighting man in the field, it is difficult to overemphasize this request.

Special Forces and Low Intensity Conflict

With respect to Special Operations Forces this budget continues to place considerable emphasis on procuring equipment and weaponry. There is increasing recognition of the value of these specially tailored assets in today's world. In turn, there is a new determination to see that not only organizational but equipment deficiencies are corrected and that these forces are brought to an even higher state of readiness. The requested funds for SOF equipment will pay a high return in capabilities desired by both the President and the Congress.

Sustainability

The FY 1988-89 budget proposes to continue the trend of the last few years in improving our sustainability which includes war reserve stockpiles (munitions and spares), transportation capabilities, and industrial surge capacities. We worry about potential "war stoppers" or their impact on the theater nuclear threshold.

In the past four years, funding for ammunition has grown by over 25 percent; spare parts funding has doubled; and ammunition inventories of all Services have improved substantially. In Europe, for instance, ground ammunition tonnage is up 18 percent, and it has almost doubled in the Pacific. Munition deficiencies which plagued us for years are improving steadily, but at the current rate of expenditures, it will be several years before we can near our goals and breathe easier.

We simply must stay the course if we want a genuinely sustainable force as well as a modern and well-trained one. Otherwise we will be spending a great deal for modern equipment with one hand and then reducing its effectiveness with the other.

Budget Overview

The peacetime strategy and defense spending of the United States seek to maintain the cutting edge of our deterrent forces, active and reserve, while counting on our economic and mobilization potential to cope with any clear and present danger to the U.S. and its allies. Everything about this deterrent stance hinges upon the quality of our people, hardware, munitions, and logistic support.

Overall, this budget addresses adverse trends in the overall balance, stresses our qualitative advantages, reduces deterrent risks over time, and avoids the dramatic trade-offs which would distort the force structure as we move into the 1990's. While by no means risk-free, the President's budget is a prudent approach to the problem of maintaining an effective and balanced deterrent across the full spectrum of potential hostilities. As the President's principal military advisor, I wholly support the defense budget for FY 1988 and FY 1989, and I urge the Congress to do likewise.

LOOKING AHEAD

Looking ahead, this may well be a critical year in the national security debate. Recently mandated, across-the-board cuts in funding and officer strength have slowed our progress in achieving force goals; stretched out force modernization; thinned out some of our combat units in hardware or people; left us with still inadequate stocks of modern munitions; and resulted in a growing backlog of equipment and facility maintenance.

Against this background, a considerable amount of reprogramming and fine tuning has managed to avoid either a hollow strategy or a hollow force--but the overall trends remain a matter of serious concern to the JCS and the CINCs. We may be able to live with one or two years on a flat or descending appropriations curve, but we will eventually pay heavily for several years of zero or negative growth. At this point, it is difficult to forecast the specific impacts. But given the Soviets' steady progress and the narrow margins inherent in our defense policies, small reductions in our capabilities could very well provoke a disproportionate change in the risk. Our experience has confirmed that time and again.

If confronted with no real increase in defense spending over the next five years, for example, it is my judgment that our military risks will increase throughout this decade (possibly sharply) and into the 1990's. Primarily, this is a function of stretching things out, delaying improvements in a total force context, and living with sustainability problems we should be solving at a steady pace. Frankly, it's a pure function of the U.S. marching-in-place or making heavy trade-offs which will sacrifice some part of our structure while the Soviets move forward in their customary fashion, correcting one military deficiency after another. That's precisely how we can lose our present ability to deter and our already slim edge on the field of battle.

In essence, I would like to see America settle down in the defense debate--start looking at where we will be in the 1990's. What is most needed is a consistent and rational defense policy geared for the long run rather than the peaks and valleys which have characterized so much of our peacetime history. We have a great deal going for us in economic defense potential and in partnerships with other free nations of the world. But we must take the lead and set the pace in this long-term military competition with the USSR. If we fail to meet this challenge--and let the Soviet-controlled forces dominate the field--then we must be prepared to face the consequences of a world starkly different and less hospitable than the one we are living in today.

EFFECT OF SOVIET THREAT ON DEFENSE BUDGET

General HERRES. For those of you who have not done so, I recommend that you read Admiral Crowe's statement in its entirety at your first opportunity.

I am sure you will find it helpful toward a full understanding of our peacetime military strategy and our posture, the challenges that we face from the armed forces of the USSR and its surrogates, the United States and allied capabilities in comparison with such adversaries, and the concerns he has about congressional action on this year's defense budget.

I would like to address just a few highlights of his statement. With regard to the Soviet threat, in all likelihood military competition from the USSR is going to be a very long-term proposition. With not a passing challenge. For years we have been impressed with and bedeviled by their numerical superiority. But now we see the Soviets reaching for qualitative superiority as well—a very rapid introduction of new technologies, much greater emphasis on unit training and readiness, and a more open concern about the quality of Soviet military leadership and personnel in the ranks.

U.S. ADVANTAGE IN QUALITY

All of this is occurring within and not at the expense of a very large force structure. To put all of this into perspective, we have one principal strength, quality, to deter an adversary who is determined to outpace us with two strengths, quantity and quality. That is why the chiefs are so concerned about the gradual erosion of our qualitative advantage and why we must extend and reinforce that advantage in the defense planning and programming process. We have no other alternative that I can identify, now or in the foreseeable future.

With regard to net assessment, in the Chairman's statement you will find a net assessment, a brief one at that, but I think quite pertinent, of the current United States and allied military capabilities. Overall, this assessment gives rise to neither dismay or complacency. On the plus side, for example, America can be confident that the strategic modernization program, if fully implemented, will deter direct attack on the United States and its allies.

U.S. SUPERIORITY ON HIGH SEAS

The United States still maintains a slim margin of superiority on the high seas, due to a better understanding of Soviet naval thinking and an acceleration of shipbuilding programs during this decade.

In general, we also maintain an edge in global power projection capabilities, while continuing to chip away at the challenges and deficiencies in such distant but vital areas, as you well know, the Persian Gulf.

As a nation with some 40 treaty commitments around the world, these capabilities—strategic nuclear deterrence, maritime superiority, and global power projection—are fundamental. No one else can assume that burden for us.

SPACE ENVIRONMENT

Cutting across the global picture is the space environment. Today the Soviets are exploiting every military opportunity they can visualize in space—a large family of launch vehicles, a manned space station, a space shuttle in the works, a robust family of military satellites, a here and now anti-satellite capability, and just last week the first launch of their heavy lift launch vehicle—something we have expected but now find to be a grim reality. Incidentally, you might be interested in knowing that this new Soviet launch vehicle has about four times the lift capacity for unmanned payloads as our most capable launchers.

TOTAL FORCE CONTEXT

In a total force context, there is no question in my mind that the Soviets are reaching for space domination and control. We must respond to this challenge with an equal commitment or we will risk slipping into a dangerous asymmetry in crisis management capabilities and in the overall military balance. The stakes are extremely high in this area of military competition. With respect to the various theaters, you will find a mixed picture of military strengths and weaknesses.

DEFENSE STATUS IN NATO

In NATO, for example, the Alliance deserves great credit for progress made in such areas as standardization, in interoperability, and the integration of tanks, helicopters, and anti-tank missiles in a combined arms context. Certainly this increases the confidence that allied forces can blunt an initial attack by the Pact. On the other hand, sheer numbers on the Pact side, coupled with a robust theater nuclear and chemical warfare capability, continue to work against NATO. So too does the NATO-wide shortage of sustainability items, including but not limited to "smart" munitions. The overall picture is not encouraging. As Admiral Crowe points out, NATO needs a great deal of tending—politically as well as militarily.

In the Pacific, we are more confident of achieving U.S. security objectives due to the leanings of China, our alliance with Japan, the renewed health of our relationship with the Philippines and a number of other political factors.

PREPARED STATEMENT OF GENERAL HERRES

Chairman STENNIS. General, excuse me. Let me interrupt you. We have about reached a point in time where we are going to have to shift around some. But you will be recognized again, unless you want to put the rest of your remarks in the record now.

General HERRES. I would be happy to do that, Mr. Chairman.

Chairman STENNIS. Without objection, the remainder of the remarks will be put in the record at this point.

[The prepared statement of General Herres follows:]

Prepared Statement

GENERAL ROBERT T. HERRES, USAF

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM HONORED TO APPEAR TODAY AS ADMIRAL CROWE'S REPRESENTATIVE AND SPOKESMAN ON THE PRESIDENT'S BUDGET FOR FISCAL YEAR 1988. THE ADMIRAL ASKED ME TO THANK YOU FOR UNDERSTANDING HIS TEMPORARY BUT IMPORTANT DUTIES IN EUROPE AND TO REQUEST THAT YOU INSERT HIS WRITTEN STATEMENT FOR THE RECORD.

I RECOMMEND THAT YOU READ THE CHAIRMAN'S REPORT IN ITS ENTIRETY IN ORDER TO FULLY UNDERSTAND OUR PEACETIME MILITARY STRATEGY AND POSTURE, THE CHALLENGES WE FACE FROM ARMED FORCES OF THE USSR AND ITS SURROGATES, U.S. AND ALLIED CAPABILITIES IN COMPARISON WITH SUCH ADVERSARIES, AND CONCERNS HE HAS ABOUT CONGRESSIONAL ACTION ON THIS YEAR'S DEFENSE BUDGET. I PROPOSE NOW TO ADDRESS THE HIGHLIGHTS.

SOVIET THREAT

IN ALL LIKELIHOOD MILITARY COMPETITION FROM THE USSR IS GOING TO BE A VERY LONG TERM PROPOSITION, NOT A PASSING CHALLENGE. FOR YEARS, WE HAVE BEEN IMPRESSED WITH AND BEDEVILED BY THEIR NUMERICAL SUPERIORITY. NOW WE SEE THE SOVIETS REACHING FOR QUALITATIVE SUPERIORITY AS WELL--A VERY RAPID INTRODUCTION OF NEW TECHNOLOGIES, MUCH GREATER EMPHASIS ON UNIT TRAINING AND READINESS, AND A MORE OPEN CONCERN ABOUT THE QUALITY OF SOVIET MILITARY LEADERSHIP AND PERSONNEL IN THE RANKS. ALL OF THIS IS OCCURRING WITHIN--NOT AT THE EXPENSE OF--A VERY LARGE FORCE STRUCTURE.

TO PUT ALL OF THIS INTO PERSPECTIVE, WE HAVE ONLY ONE STRENGTH (QUALITY) TO DETER AN ADVERSARY WHO IS DETERMINED TO OUTPACE US

WITH TWO STRENGTHS (QUANTITY AND QUALITY). THAT'S WHY THE CHIEFS ARE SO CONCERNED ABOUT THE GRADUAL EROSION OF OUR QUALITATIVE ADVANTAGE AND WHY WE MUST EXTEND AND REINFORCE THAT ADVANTAGE IN THE DEFENSE PLANNING AND PROGRAMMING PROCESS. WE HAVE NO OTHER ALTERNATIVE THAT I CAN IDENTIFY, NOW OR IN THE FORESEEABLE FUTURE.

NET ASSESSMENT

IN THE CHAIRMAN'S STATEMENT YOU WILL FIND A NET ASSESSMENT OF CURRENT U.S. AND ALLIED MILITARY CAPABILITIES. OVERALL, THIS ASSESSMENT GIVES RISE TO NEITHER DISMAY NOR COMPLACENCY. ON THE PLUS SIDE, FOR EXAMPLE:

- AMERICA CAN BE CONFIDENT THAT THE STRATEGIC MODERNIZATION PROGRAM, IF FULLY IMPLEMENTED, WILL DETER DIRECT ATTACK ON THE U.S. AND ITS ALLIES.

- THE UNITED STATES STILL MAINTAINS A SLIM MARGIN OF SUPERIORITY ON THE HIGH SEAS DUE TO A BETTER UNDERSTANDING OF SOVIET NAVAL THINKING AND AN ACCELERATION OF SHIPBUILDING PROGRAMS DURING THIS DECADE.

- IN GENERAL, WE ALSO MAINTAIN AN EDGE IN GLOBAL POWER PROJECTION CAPABILITIES WHILE CONTINUING TO CHIP AWAY AT CHALLENGES AND DEFICIENCIES IN SUCH DISTANT BUT VITAL AREAS AS THE PERSIAN GULF.

AS A NATION WITH SOME FORTY TREATY COMMITMENTS AROUND THE WORLD, THESE CAPABILITIES--STRATEGIC NUCLEAR DETERRENCE, MARITIME SUPERIORITY, AND GLOBAL POWER PROJECTION--ARE FUNDAMENTAL. NO ONE ELSE CAN ASSUME THAT BURDEN FOR US.

CUTTING ACROSS THE GLOBAL PICTURE IS THE SPACE ENVIRONMENT. TODAY THE SOVIETS ARE EXPLOITING EVERY MILITARY OPPORTUNITY THEY

CAN VISUALIZE IN SPACE--A LARGE FAMILY OF LAUNCH VEHICLES, A MANNED SPACE STATION, A SPACE SHUTTLE IN THE WORKS, A ROBUST FAMILY OF MILITARY SATELLITES, A HERE-AND-NOW ANTI-SATELLITE CAPABILITY, AND JUST LAST WEEK THE FIRST LAUNCH OF THEIR HEAVY LIFT LAUNCH VEHICLE--SOMETHING WE HAVE EXPECTED BUT NOW FIND A GRIM REALITY. INCIDENTALLY, THIS NEW SOVIET LAUNCH VEHICLE HAS ABOUT FOUR TIMES THE LIFT CAPACITY OF OUR MOST CAPABLE LAUNCHERS.

IN A TOTAL FORCE CONTEXT, THERE IS NO QUESTION IN MY MIND THAT THE SOVIETS ARE REACHING FOR SPACE DOMINATION AND CONTROL. WE MUST RESPOND TO THIS CHALLENGE WITH AN EQUAL COMMITMENT OR RISK SLIPPING INTO A DANGEROUS ASYMMETRY IN CRISIS MANAGEMENT CAPABILITIES AND THE OVERALL MILITARY BALANCE. THE STAKES ARE EXTREMELY HIGH IN THIS AREA OF MILITARY COMPETITION.

WITH RESPECT TO THE VARIOUS THEATERS, YOU WILL FIND A MIXED PICTURE OF MILITARY STRENGTHS AND WEAKNESSES. IN NATO, FOR EXAMPLE, THE ALLIANCE DESERVES CREDIT FOR PROGRESS MADE IN SUCH AREAS AS STANDARDIZATION AND INTEROPERABILITY AND THE INTEGRATION OF TANKS, HELICOPTERS, AND ANTI-TANK MISSILES IN A COMBINED ARMS CONTEXT. CERTAINLY, THIS INCREASES CONFIDENCE THAT ALLIED FORCES CAN BLUNT AN INITIAL ATTACK BY THE PACT.

ON THE OTHER HAND, SHEER NUMBERS ON THE PACT SIDE, COUPLED WITH A ROBUST THEATER NUCLEAR AND CHEMICAL WARFARE CAPABILITY, CONTINUE TO WORK AGAINST NATO. SO TOO DOES THE NATO-WIDE SHORTAGE OF SUSTAINABILITY ITEMS INCLUDING BUT NOT LIMITED TO "SMART" MUNITIONS. THE OVERALL PICTURE IS NOT ENCOURAGING AND, AS ADMIRAL CROWE POINTS OUT, NATO NEEDS A GREAT DEAL OF TENDING--POLITICALLY AS WELL AS MILITARILY.

IN THE PACIFIC, WE ARE MORE CONFIDENT OF ACHIEVING U.S. SECURITY OBJECTIVES DUE TO THE LEANINGS OF CHINA, OUR ALLIANCE WITH JAPAN, THE RENEWED HEALTH OF OUR RELATIONSHIP WITH THE PHILIPPINES, AND

A NUMBER OF OTHER POLITICAL FACTORS. STILL, WE FACE A CONTINUING BUILD-UP OF SOVIET AIR AND NAVAL POWER IN THE REGION, NOT TO MENTION THE KREMLIN'S MILITARY PARTNERSHIPS WITH NORTH KOREA AND VIETNAM.

WHILE THE PACIFIC BALANCE REMAINS FAVORABLE, IT IS NOT A STATIC OR NECESSARILY STABLE ONE. A GREAT DEAL MUST BE DONE ON THE MILITARY FRONT FOR THE U.S. AND ITS ALLIES TO FACE THE FUTURE WITH CONFIDENCE. ABOVE ALL, WE MUST CONTINUE TO WORK CLOSELY WITH THE REPUBLIC OF KOREA WHERE THE THREAT FROM THE NORTH IS VERY REAL, QUITE UNPREDICTABLE, AND EXTREMELY CLOSE TO THE CAPITAL AT SEOUL.

MOVING ON, A FEW WORDS ARE IN ORDER ABOUT SPECIAL OPERATIONS FORCES. SUFFICE IT TO NOTE, THE SOVIETS CONSIDER THEIR SPETSNAZ TO BE AN INTEGRAL PART OF MILITARY POSTURE ACROSS THE ENTIRE HIGH-LOW SPECTRUM OF CONFLICT. THEY ARE NOT RELUCTANT TO EMPLOY SPETSNAZ WHEN AND WHERE NECESSARY TO FURTHER SOVIET OBJECTIVES.

BY COMPARISON, U.S. SPECIAL OPERATIONS FORCES HAVE ACHIEVED A HIGH DEGREE OF EXCELLENCE IN COUNTER-TERRORIST OPERATIONS--A CAPABILITY WE MUST AND INTEND TO NOURISH. FURTHER PROGRESS WILL BE MADE AS WE BUILD AN ORGANIZATIONAL AND DOCTRINAL FRAMEWORK TO INTEGRATE SPECIAL OPERATIONS FORCES INTO A BROAD STRATEGY TO COPE WITH LOW INTENSITY CONFLICT.

THROUGHOUT, IT IS VITAL THAT THE U.S. APPROACH TO LOW INTENSITY CONFLICT BE SUPPORTED BY A ROBUST SECURITY ASSISTANCE PROGRAM. IN THE TURBULENT CENTRAL AMERICAN REGION, FOR EXAMPLE, ECONOMIC ASSISTANCE CLEARLY IS REQUIRED BUT SO TOO IS A MILITARY PROGRAM WHICH WILL STRENGTHEN INTELLIGENCE CAPABILITIES IN THE REGION AND ENABLE OUR SOUTHERN FRIENDS TO EXTEND THE REACH OF GOVERNMENT--ENGINEERING CONSTRUCTION AND COMMUNICATIONS EQUIPMENT, AIRCRAFT AND PATROL BOATS FOR SURVEILLANCE, AND LIGHTWEIGHT FIREARMS AND

MOBILE MEDICAL UNITS. THESE SELF DEFENSE CAPABILITIES CAN BE EQUALLY EFFECTIVE IN NATION BUILDING AND IN COUNTERING THE TRAFFIC IN DRUGS.

PRESIDENT'S DEFENSE BUDGET

AGAINST THIS BACKGROUND, CIVILIAN AND MILITARY LEADERS IN THE PENTAGON HAVE WORKED VERY HARD TO SHAPE THE DEFENSE BUDGET PRESIDENT REAGAN PRESENTED TO THE 100TH CONGRESS. IN THE FACE OF FISCAL CONSTRAINTS AND A GENERAL DECLINE IN FIVE-YEAR SPENDING LEVELS, A GREAT DEAL OF REPROGRAMMING AND FINE TUNING WAS REQUIRED TO AVOID A SHALLOW STRATEGY OR HOLLOW FORCE IN THE NEAR-TERM AND THROUGH THE OUT-YEARS. OVERALL, THE DEPARTMENT OF DEFENSE TRIED TO STEER A COURSE WHICH WILL:

- ENSURE A CREDIBLE AND EFFECTIVE DETERRENT IN EACH OF THE UNIFIED COMMANDS AS WELL AS THE OVERARCHING STRATEGIC AND SPACE ENVIRONMENT;

- REINFORCE OUR QUALITATIVE EDGE IN THE FACE OF A NUMERICALLY SUPERIOR AND TECHNICALLY ADVANCING ADVERSARY;

- ESTABLISH AN APPROPRIATE BALANCE BETWEEN OFFENSIVE AND DEFENSIVE CAPABILITIES;

- PREPARE FOR THE FUTURE--AND AVOID TECHNICAL SURPRISE--THROUGH A ROBUST BUT CAREFULLY FOCUSED RESEARCH AND DEVELOPMENT PROGRAM; AND

- PROVIDE ADEQUATE COMPENSATION FOR OUR MILITARY PERSONNEL.

AS A RESULT OF THIS PROCESS, THE PRESIDENT HAS REQUESTED CONGRESS TO APPROVE A MODEST BUT REAL GROWTH IN SPENDING FOR DEFENSE. IN COMPANY WITH THE CHAIRMAN AND THE JOINT CHIEFS OF STAFF, I STRONGLY RECOMMEND THAT CONGRESS APPROVE THE PRESIDENT'S REQUEST.

FURTHER BUDGET ADJUSTMENTS NECESSARY

Chairman STENNIS. Now Senator Stevens, you have a matter you said you had to attend to. Do you want to take some time now?

Senator STEVENS. No, sir.

Chairman STENNIS. You are next to be recognized.

Senator STEVENS. Well, I will do it now.

Chairman STENNIS. I want to leave one question with you, Mr. Secretary. Now you are a man of great capability. I am not bragging on you.

You are spending a lot of money and we have to appropriate it before you can spend it. Now I do not think you throw it away or are careless. To the contrary, you have done a lot of good management.

But I do feel that we have got to make further adjustments in our financial affairs. We have got to do it. We will have to give up things we do not want to give up.

But we can do it, and we will do it. Now do you have in mind something fairly definite of some magnitude that we should adopt?

Secretary WEINBERGER. Well, Senator, we have devoted a great deal of time to the presentation of the budget. And of course the budget that is before you for fiscal year 1988 and fiscal year 1989 is not the first draft or anything of that kind.

It does represent a very major reduction in the requests of each of the services, and it is designed to bring us out at the 3-percent real growth level that I mentioned in my opening statement.

It does contain the priorities which the President feels are essential, and which we feel are essential, particularly after we suffered a reduction of about 7 percent in the 2 preceding years, so that we have before you the items that we think are of the highest priority.

It is difficult to distinguish between them, because one group relates to readiness, for example. And some 40 percent of the budget, almost 50 percent really, 45 percent, relates to personnel expenditures. We think a modest increase in pay to keep pace with inflation, even though that is much lower than it has been, is an essential part of continuing the success of the all-volunteer system.

The same is true with respect to the other programs for the forces. Ammunition, the need to continue readiness factors in the conventional forces—the hope that we all have and the strong desire for reduction in some nuclear weapons emphasizes the importance of conventional strength.

Sadly, conventional strength is much more expensive than nuclear strength. I do not have recommended reductions from our budget to present to you, sir, because we have made those reductions before we submitted it.

We will obviously be glad to work with the committee in any way we can, to present to you the problems involved in certain reductions and ways in which we can try to meet them. But we have stretched out now, we have reduced the acquisition——

Chairman STENNIS. Excuse me for interrupting you, but time has run out for this moment. I will be glad to see you and I am sure as will other Members for any supplement you might file with the answer you have already given.

This thing is dead serious, and somebody has got to be thinking ahead to try to do something about it. I am glad to recognize the Senator from Alaska, Senator Stevens. And Senator Johnston, you will occupy the chair if you will please.

Senator STEVENS. Thank you very much, Mr. Chairman. I am pleased to see you here, General Herres.

It is nice to know that the changing of the guard in the Joint Chiefs, that we have someone we have all met and worked with before, so it is very nice to have you here.

CONTRIBUTION OF JAPANESE TO DEFENSE IN PACIFIC

Mr. Secretary, I understand you are traveling to Japan soon. Some of us, I am one, have been speaking out about the relationship with the Japanese to the total contribution to our specific area of defense.

Could you tell us now what you are going to address? I know that that is probably pretty general, but we would hope that Japan would get more serious in terms of making a greater contribution toward the total defense of the Pacific.

Secretary WEINBERGER. Senator, I agree. I think we all need to do more, all of us—Japan, the United States, the NATO allies, because the threat that we face keeps growing and unfortunately requires that, to maintain deterrence, we make investments that all of us would rather not make.

The Japanese themselves have had some significant increases in recent years, and this year they did abandon the 1-percent rule—keeping within 1 percent of the gross national product for defense. I think that is an encouraging sign.

They also spend quite a bit of money for the maintenance of American troops there, which does not appear in their budget but is an expenditure which certainly helps in the defense of both countries.

They have a plan of their own that is a realistic one and when fully carried out to defend the islands and the air and sea lanes out to a thousand miles would enable us to free some of our units for other activities in that whole region.

We will continue to emphasize, as we always have, the need not only for them to do more, but also to take a couple of specific actions which are very essential. One is to provide a night landing field for practice for our carrier pilots. And the other is additional naval housing in the Okega region.

These are items that we have talked about with them frequently, and which they are trying to solve, again against the background of some very difficult environmental laws and local government authorities, which are difficult for them to overcome.

TRADE BILL PROBLEMS WITH JAPAN

Senator STEVENS. Mr. Secretary, they still have a problem with the Congress in terms of the trade bill and as I analyze their defense expenditures, they have roughly a 6-percent free ride in terms of their economy versus ours with regard to trade because they are not spending anywhere near our expenditure rate as far as defense is concerned.

Between their gross national product and ours, they are way off. Now something has to be done to adjust that or the trade issue will not go away.

Secretary WEINBERGER. Well, I am certainly aware of the difficulties of the trade issues. I have made the point that I did not think security issues and trade issues should be linked, which is to say that we do need a security relationship with Japan.

We need to have them as a free and a sovereign nation, and not overrun by the Soviets. And we know that the Soviet navy and air forces in the Pacific have increased more rapidly than anywhere else in the world.

Senator STEVENS. Let me ask you, I only have 10 minutes. Let me ask you two more questions, Mr. Secretary.

TWO-YEAR BUDGET PROPOSAL

One, is this the first attempt at a 2-year budget that we have this year? You submitted the budget, the President did, and it is your budget for defense. I note that the amount requested is lower percentage-wise, in terms of real growth than prior years.

Yet the second year that you have here before us, fiscal year 1989, I believe presumes a fair treatment for fiscal year 1988. Now if what we see happening now with regard to the fiscal year 1988 budget occurs, it is really a negative real growth budget.

Are you willing to let Congress go ahead with the fiscal year 1989 budget, based upon that reduction for fiscal year 1988?

Secretary WEINBERGER. We strongly urge both that the 2-year budget be adopted and that the 2-year budgets be funded in adequate amounts.

Senator STEVENS. I urge you to withdraw your request for fiscal year 1989 unless it is a real growth budget.

Secretary WEINBERGER. Well, we would have to consider that. We have never gone on the assumption that we would not have a real growth budget for fiscal year 1988, because we had 7 percent real decline in the 2 previous years. We hoped and assumed the Congress would now resume a reasonable and proper level of funding in fiscal year 1988.

Senator STEVENS. Let me ask my last question, and I think I will get back to you again.

IRAQI AIR ATTACK ON "STARK"

I want to go back to this Iraqi plane for just a minute. I know you have got your new rules now for engagement as far as our forces are concerned. But we have had severe battles here in the Congress over the request of the administration to make certain that the Saudi Arabians had equipment and that they were interfaced with our AWAC's.

I want to know, do these new rules include any changes as far as the Saudis are concerned in terms of their obligation to protect our vessels and are there to assure their freedom of the seas?

Secretary WEINBERGER. The AWAC's that are there now, Senator, are AWAC's that American forces cooperate in operating.

We have full communication with the Saudis with respect to the information gathered by the AWAC's. We exchange it. And that information is very accurate and very helpful.

The new rules that authorize the declaration of hostile intent or the determination of hostile intent apply obviously only to belligerents, Iran and Iraq. But the Saudi cooperation that we have had in the Mideast and in tracking hostile attacks by these belligerents on each other or on neutral shipping has been very complete.

We have no quarrel with that, and we would expect and assume that would continue.

General HERRES. Can I add one point on your question earlier, Senator? When those F–15's were launched there was no reason to think that the Mirage, the F–1, was on a mission that would result eventually in a hostile act.

That flight plan and that flight profile are flown and tracked routinely. F–15's are launched when they see an aircraft track, then they make a determination. If there is no indication or evidence of hostile intent, then they recover.

The F–15's, to have engaged the Iraqi aircraft at that point in its flight path, would have been quite premature. Saudi Arabia is not at war with Iraq. The United States, of course, is not at war with Iraq.

And so to engage that aircraft before it demonstrated any hostile intent would in fact have been a violation of the rules of engagement that were in place at the time and now.

Senator STEVENS. What about afterwards, General?

General HERRES. Well, the only engagement activity that would have been useful in this particular situation would have been at the point beyond which the F–1 demonstrated hostile intent. That, of course, would have been when he was on his in-bound final run into the ship.

Senator STEVENS. Well, I think there are some questions that have to be answered, General and Mr. Secretary, because I understand it that the Mirage could have had two missiles. The *Stark* reports two hits, the AWAC's report one launch.

Now if it is true that there was only one launch and the AWAC's knew that and that it was capable of carrying two, then I question whether the F–15's cooperated with us in the manner in which they should have. Because if there was still another missile on that Mirage, those F–15's should have been chasing that thing.

But for now, right now, in my judgment, the briefing we had, Mr. Secretary, does not comport with the information you——

Secretary WEINBERGER. We had some confusion as to whether there was one or two Mirage F–1's. The Mirage F–1's carry one Exocet missile, and that missile as we know had been launched.

There was no direction given to follow the Iraq plane, nor refused to be accepted. We know that they flew a normal pattern, they turned east far south of where they had been normally, they attacked the ship, they turned and went back.

And the AWAC's tracking that, which as I say, the knowledge and information about that is fully shared with the United States and the Saudis, was simply that it was following a normal pattern, a normal flight path.

General HERRES. There is very, very strong evidence——

Senator STEVENS. There are very conflicting reports. I just think that they have to be settled, and the briefing we had indicated to the contrary, Mr. Secretary.

Secretary WEINBERGER. Well, we gave briefings yesterday morning on the basis of information we then had.

The first reports were that there had been two of the Mirages, that one had launched a missile, and that they had come down in pairs and gone back in pairs, but only one had launched a missile. This morning the indications were that there was only one.

Senator STEVENS. Thank you, Mr. Chairman.

ACTIVITIES OF "STARK" CAPTAIN

Senator JOHNSTON [presiding]. Mr. Secretary, this attack took place over 24 hours ago. Have we not talked to the captain of that ship?

Secretary WEINBERGER. I talked to the captain of the ship. He is extremely busy, Mr. Chairman. He is taking care of a lot of additional fires that keep popping up from time to time.

He is busy with the identification of the dead and with the necessary work that follows an attack of this kind to keep the ship afloat. The ship was listing 30 degrees. He had to get all of the water out. He had a large number of things to do, and we have not put before him a list of questions to respond to.

The inquiry board is charged with that task. But if your basic question is, why did he not use his defensive systems, I just have to say as I did in the opening statement that we do not know now.

BUDGET NEGOTIATIONS

Senator JOHNSTON. Mr. Secretary, I opposed the Gramm-Rudman law as I think you did. I thought we should concentrate on substance instead of procedure.

But we are stuck with it. We are going into our third budget conference meeting this afternoon. I think you know the general shape of what we are doing.

We have in the Senate a low number and a high number. The high number is the added back $7 billion in outlays, some $12 billion in budget authority. But linked to a tax so that should the revenues for that be vetoed, then the additional money for defense would fail.

Now you have made it perfectly clear, and many on this committee agree with you, that we need a stronger defense, we need more money for defense. But our immediate question is, what do we do in the Congress, and what does the President do, how do we resolve this impasse over the $7 billion and $12 billion?

And specifically, will the President, will the administration negotiate with the Congress on this question of the budget?

Secretary WEINBERGER. Mr. Chairman, those are obviously questions that I cannot answer. We have a very carefully worked out budget that enabled us, we believe, to come in within the Gramm-Rudman requirements, and provide a 3-percent real growth for defense without additional taxation.

That is the pattern that the President would like to follow, and that is the pattern that he has said he will follow. I would very much hope that when we review the budget resolutions that have been preliminarily passed, we would conclude that they do not provide adequate defense and that adjustments should be made.

The two budget resolutions, as passed by the House and Senate, cut $23 billion from the President's request for a modest 3-percent growth. That will be a 5-percent decline in real terms, added on to 2 years in which we had a 7-percent decline.

And as I said in that opening chart, it gets us back to that very unhealthy pattern of the 1970's.

Senator JOHNSTON. Well, I understand that, Mr. Secretary.

But we added back, as I say, the money in the Senate, based upon revenues, and I think the difference is that we in the Senate want a strong defense and we are willing to pay for it. I would just simply urge you, I mean, I know what the administration's position, I think you know what our position is.

But I would say it is the 11th hour now, and we really need to get something worked out with the administration, because I would hate to see us approve this budget, approve all the implementing legislation, send the tax to the President, get it vetoed, and then have to go to that very low number of $289 billion in budget authority and $283 billion in outlays.

I think that is too low. I would hate to see that happen. And I think it can be avoided, and I would simply urge the administration to do it.

Secretary WEINBERGER. I can only respond, Senator, by saying that I think that national security is far more important than whether or not there is a small increase in the deficit, a great deal of which is not due to defense.

Senator JOHNSTON. I understand.

STRATEGIC DEFENSE INITIATIVE

Senator JOHNSTON. Mr. Secretary, one of the biggest questions facing the country—I guess the most important Defense question—it now has the supplemental tied up on the floor, and it is either the most expensive hoax in history to put the worst face on it, or the greatest protection of America ever conceived of, to put the best face on it, or maybe it is somewhere in between—I am speaking of SDI, and I am speaking of the interpretations, of course, of the ABM Treaty.

I think there has been a vast lack of information and communication between the administration and the Congress on this. The current question involves two questions with respect to the treaty.

First, the broad versus the narrow interpretation. The broad interpretation would take agreed statement D with its phrase about "other physical principles" and say that that permits the testing, development, or deployment of beam weapons.

BAMBI-TYPE SPACE-BASED KKV

Now there is another equally important question which has not been discussed much in the press, but is at least as important, and that is the question of whether even the narrow interpretation of the treaty prohibits the testing, deployment, or development of BAMBI-type space-based KKV tests or systems.

Now the BAMBI-type systems, I believe, are a dead ringer for the current generation of SB–KKV weapons. Mr. Nitze testified here the other day that he still adheres to his view expressed in 1977 that the narrow interpretation of the Treaty does, in fact, prohibit the testing deployment or development of a BAMBI-type system.

Judge Sofaer in testimony before the House testified that the phrase "other physical principles"—that is, agreed statement D—means technology unknown in 1972.

Now I want to ask you, Mr. Secretary, do you agree with what I just said about Mr. Nitze and Mr. Sofaer that even the narrow interpretation of the treaty prevents the testing, development, or deployment of the space-based KKV as being technology which was well known in 1972?

Secretary WEINBERGER. I think we cannot do under the narrow interpretation——

Senator JOHNSTON. Excuse me. I mean the broad interpretation.

Secretary WEINBERGER. Oh, all right. The broad interpretation? Good. No, I think that under the broad interpretation, which we believe is the legally correct interpretation, we can do the kinetic kill vehicle programs, and I think that it is important to distinguish them from the so-called BAMBI program, which was simply a program on paper that had never been developed and was never anything but a concept.

The kinetic kill vehicle is I think a quite different program from anything that was even contemplated on paper in the BAMBI program, and we have now the technology through the tests that have been done that lead us to believe that this could be a successful——

VARIATIONS IN BAMBI AND KKV SYSTEMS

Senator JOHNSTON. Can you tell me how it differs from the BAMBI program?

Secretary WEINBERGER. Well, as I say, the BAMBI program was simply a program on paper. There was never any——

Senator JOHNSTON. Well, now, the SB–KKV is not up there. It is on paper, too, is it not?

Secretary WEINBERGER. No, it is not; a great many of the tests have been done, and a great deal of additional technology has been discovered and developed since then that enables us to have confidence that that could be a successful first phase—not a final phase by any means, but a successful first phase. We think that that does require the legally correct interpretation to enable us first of all to plan the tests, and second to conduct the tests that will lead us to a conclusion about the program.

Senator JOHNSTON. Well, Mr. Secretary, under this reasoning would not absolutely anything be permitted under the treaty? Because nothing has ever been up there, so therefore everything is new; everything was on paper in 1972.

Secretary WEINBERGER. Well, Mr. Chairman, we have said repeatedly that we believe that under the legally correct interpretation, the so-called "broad interpretation," we can do everything short of deployment, that is necessary to lead us to deployment. Therefore, not only is it the legally correct intepretation, but it is the proper one to use because we are fully committed to the strategic defense program and believe that it should be deployed as soon as we can do so effectively, and that is what we want to do.

But, yes, we do believe that that interpretation will enable us to do the tests—planning the tests, conducting the tests, and everything leading to deployment. We cannot deploy. We understand that. That will require different actions.

Senator JOHNSTON. Well, you do recognize that there are many of us who believe, as Mr. Nitze, Mr. Sofaer, and others, that BAMBI-type systems are prohibited under the treaty; and that the testing and development of those is, and that would be effectively to destroy the ABM Treaty.

You understand that there is that question?

Secretary WEINBERGER. Well, I know that some people say that. I do not agree with that, because when you say "BAMBI-type systems," I do not know what you encompass by that. But the kinetic kill vehicle system that we are talking about is a possible candidate—not anything that is finally concluded. It is a candidate for a first deployment and can be tested and can be brought to the point of deployment under the broad interpretation, but probably not under the narrow interpretation. That is basically the position we have taken.

Now I should be clear, Mr. Chairman, that we have not yet made a formal determination that the kinetic kill system is one that necessarily should be deployed. But there has to be a lot of testing and a lot of development work done under it that we believe can only be done under the broad interpretation.

OUTLINE ON PROPOSED TESTING

Senator JOHNSTON. When will you have for us an outline of the tests that are proposed?

Secretary WEINBERGER. We have in process now a report that responds to a request by Senator Wallop that will cover many of the tests that we feel it necessary to do, and that require the broader interpretation. I would expect that it would be up within the month.

Senator JOHNSTON. And that is all tests, whether they require the broad or the narrow?

Secretary WEINBERGER. Yes, looking ahead for the next couple of years at least, and then depending on the test results—but you understand, sir, that it takes about a year to plan some of these tests and to do all the things necessary to conduct them. When you embark on that, then you are in an area that, if you are bound by the narrow interpretation, there are great legal questions as to whether you can do them or not. Probably you cannot. And that means that the whole program is set back.

We also have pointed out in the preliminary development of this report that I mentioned a moment ago that we would save about $3 billion by being able to do this planning now and conduct these tests now, and that could lead us, if things go as well as we hope and as well as they have in the past, to an opportunity to deploy in early 1994.

Senator JOHNSTON. Thank you, Mr. Secretary.

Senator Weicker.

Senator WEICKER. Thank you very much, Mr. Chairman.

Mr. Secretary, there is little this committee can do and do well without the facts, and it is toward that problem that I want to basically pursue two lines of questioning.

FIVE-YEAR DEFENSE PLANS

First of all, answer me this. Why are there two 5-year Defense plans, one for your internal consumption and one that you present to Congress?

Secretary WEINBERGER. Well, there are not, Senator. I think we have been through this quite a few times. Basically what you have are the requests that come in from the Services, the things that they quite honestly feel are essential, and the things that we believe can be funded within the basic, overall guidance that we have from the President and from OMB.

So those are the basic documents within which we work. There are not two 5-year development plans or anything of the kind; what we have is a plan that we work on each year, in which we add a year to the long-range plan. In the course of preparing that, the Services tell us they need a number of things, and when we add all those up we find that they will probably exceed what the OMB and the President feel is possible to be allocated to Defense over that next year's 5-year planning period.

Out of that we refine that and bring you in this case a 2-year budget, and then start working on the continuing part of the 5-year plan.

Senator WEICKER. Well, now, Mr. Secretary, there are two plans. There is one for internal consumption that is $77.2 billion more than the 5-year plan that you presented to this committee.

Secretary WEINBERGER. Seventy-seven-what?

Senator WEICKER. $77.2 billion more for the fiscal year 1988 to 1992 plan than the one that you presented to this committee.

Secretary WEINBERGER. Senator, I would have to urge again that the one presented to the committee——

Senator WEICKER. And that was confirmed by your Inspector General.

Secretary WEINBERGER [continuing]. Is the 5-year plan. The one presented to the committee is the 5-year plan. The other is a compilation of figures that the Services and others feel would be very desirable and very important for them to have, but that is not the plan that is submitted. That is not the plan. It is not a plan for internal consumption. It is what they feel would be essential, and we refine out of that in the course of our, budget process what we believe is proper to present within the overall priorities of the government.

Senator WEICKER. Do you not feel that it would give a far more accurate picture to this committee as to what to expect in the way of costs if we had the same information as you have?

Secretary WEINBERGER. No, because it is not in any sense a final determination. It is like my getting a preliminary draft of one of your speeches and attacking it because it said something you may never intend to say.

Senator WEICKER. In other words, such a document does not exist?

Secretary WEINBERGER. There is not any "document" of that kind. There are a lot of numbers. There are a lot of plans. There are a lot of hopes and proposals of the Services, and those are put together. When we add up the totals, we refine it and ultimately those that remain become the actual plan that is submitted, the 5-year plan.

COMPTROLLER PLAN

Senator WEICKER. Mr. Secretary, that plan I understand has been published every year but has not been published yet this year because all the facts are not in, but it has been published within your organization every year up to this year.

Secretary WEINBERGER. The Services are not hesitant about publishing what they wish, no.

Senator WEICKER. No. As indicated to me by counsel, it has been published by your Comptroller. Again, my question is why is that information not made available to this committee?

Secretary WEINBERGER. It is not in any sense finalized.

Senator WEICKER. Why do I have to go and use my sources within the Pentagon to get that information, rather than to have it presented in open forum before this committee?

Secretary WEINBERGER. Because presenting a thing that is not finally decided on and is not fitted into the total government plan is basically deceptive and not accurate, and we do not want to do that.

Senator WEICKER. I would suggest that the system you are using now is deceptive.

Secretary WEINBERGER. No. We think it is entirely proper to inquire of the Services what they feel are their requirements. When those numbers are in, we then have to, as we do every year, refine them very carefully because it is not possible, unfortunately, to fund all of the requests.

Senator WEICKER. In other words, you can give the American people assurance that indeed the 5-year plan—I might add, the long-range planning concept which you advocate and I share, and I think the committee shares—but if we are to have long-range planning, then we are going to have it on both sides of that table.

What you are assuring us, then, is that the long-range plan that you have presented to this committee indeed reflects true costs and not that which you have within your grasp internally, which is some $77 billion more for the one you have given us?

Secretary WEINBERGER. No, what we present to the committees and to the Congress and to the President are the best cost estimates we can give of the requirements that we have, modified by the total amount that we are ultimately allowed when the whole budget process comes through OMB.

Senator WEICKER. All right. I have further questions on that for submission to the record.

BLACK PROGRAMS

My second question relates to the special access, or black programs. I intend to offer an amendment to change the way information on the special access, or black programs, are presented to the Congress. Again, this relates to the facts that should be made available to those that have to pay the tab.

As you know, an ever-increasing number of weapons systems are being moved into the highly classified compartments in the Defense budget, which are known as special access programs. I am not going to deny that there is justification for having a certain number of classified national security programs. Nobody is going to argue that point.

But at the present time, I would say there is more than a suspicion that this process is being abused. Indeed, in the House version of the bill, and I gather there are already amendments on that bill, as Mr. Aspen put it, fully 70 percent of all the funds that are now obscured under the black umbrella could be listed publicly in the budget without causing any harm to national security.

PROPOSED AMENDMENT

Now let me indicate that I will propose an amendment, No. 1, which calls for the Air Force providing Congress with a report by October 1, 1987, containing specified unclassified budgetary information on the advanced technology bomber.

Two, it will call for major nonintelligence Defense acquisition programs which have special access designations to be listed. The President should provide in the regular budget presentations specified unclassified budgetary information.

Three, the Secretary of Defense would have the authority to waive these requirements if he determined the disclosure of the existence of special access programs would adversely affect national security.

These all relate to this issue of accountability. I would like to know whether or not you will support that kind of an amendment.

DOD AUDITING OF PROGRAMS

Secretary WEINBERGER. Well, I have not seen the text of it. The last clause permitting waivers when the national security is affected would seem to cure some of the problems in the first clauses that I just heard. But bear in mind, Senator, that we have very thorough audits of all programs, whether they are classified or not.

We have specially cleared auditors from our DCAA organization and they work exclusively on these programs. We have no interest whatever in having a nonaudited program. We have every interest in the world in protecting advanced technology from Soviet or KGB people who are trying their best to catch up with our one remaining lead in the whole military area, which is in the technology field.

So we present all of this data to Congress under the closed hearings, and we have no interest or no desire in classifying a program for the purpose of keeping it from the Congress. In fact, even if we had it would not work because the classified programs are made fully available to the appropriate committees of the Congress with a need-to-know.

We do believe, however, that a lot of what we are doing should not be given to the Soviets through public hearings or public disclosure. That does not mean that they should not be audited. They are audited very carefully by us.

Senator WEICKER. They are audited by your people, and I understand even your own Inspector General does not have total access.

Secretary WEINBERGER. He has access. He has been very active in the oversight role by reviewing the DCAA efforts in auditing highly classified programs. The people who do the auditing are specially cleared. They do not do anything else. The committees of the Congress are given full data on all of the classified programs on a need-to-know basis.

Senator WEICKER. Well, I belong to this committee of the Congress. Indeed, I am the second-ranking Republican on this committee. When I see that I am being given one 5-year Defense plan and you have got another, somehow I feel we are not comparing apples and apples.

When I see the increasing classification of information so as to keep it from Congress, my feeling is that that process had better stop, and we had better go in the other direction.

Secretary WEINBERGER. Well, be assured, Senator, that the classification is not for the purpose of keeping anything from the Congress. It is for the purpose of protecting the United States' rather slim and diminishing lead in the field where the Soviets have been——

Senator WEICKER. You do not have any special place in trying to protect the United States, Mr. Secretary.

Secretary WEINBERGER. I understand that, but——

Senator WEICKER. We also do that. We also feel that the best interests of national security are served by spending our money well. That seems to be a matter of great debate.

Secretary WEINBERGER. I do have a responsibility of giving the Congress the opinion that I have with respect to the premature——

Senator WEICKER. The answer is, you are not giving the Congress—you do have that responsibility, and you do not give it to the Congress in the same manner that you get it.

Secretary WEINBERGER. As Senator Stennis pointed out, we cannot spend a nickel without the approval of the Congress—all of that information is given to the Congress.

When it is classified, we try to narrow the circle down to people who need to know in the Congress, and we give it to them. We also testify about these matters in closed hearings.

Senator WEICKER. Well, I thank you. My time is up, but I can assure you that I will press for the amendment, and I will make sure that you get a copy of it now, which will stop this race toward classification; as more and more of your projects are inane and cannot be justified, more and more are classified.

I think what we want to do is make sure that our money is well spent. Indeed the security of the United States is enhanced and we do not just get the "feel-good" syndrome that because we are spending money we are more secure. I have seen enough in the way of military disaster to thoroughly question, quite frankly, that policy.

Secretary WEINBERGER. Well, I think that comment is quite unwarranted, and I do think that the information that is necessary to make a decision on appropriations has been fully furnished to the Congress. It is very necessary to try to protect some of this technology from going straight to the Soviets, which they get in any kind of disclosure provisions that require us to disclose to a wider circle than those who need to know.

Senator WEICKER. Thank you, Mr. Chairman.

Senator JOHNSTON. Did you want to put something in the record?

Senator STEVENS. Mr. Chairman, I ask that questions submitted on behalf of Senator Domenici be included in the record.

Senator JOHNSTON. Surely.

Senator STEVENS. The former chairman of the Budget Committee has got some questions about the budget cycle.

Senator JOHNSTON. Without objection. Also, Senator D'Amato has questions which we will put in the record.

Senator Weicker. Mr. Chairman, also I would ask that I might ask unanimous consent that further questions be submitted for the record to the Secretary.

Senator JOHNSTON. Without objection.

Also, Senator Byrd will have questions for the record.

CLASSIFICATION OF DEFENSE PROGRAMS

Senator JOHNSTON. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

I would say, Mr. Secretary, that I understand in many ways the Senator from Connecticut's amendment. Obviously in an open session like this we cannot go into some of those black projects, but certainly in the years I have served on this committee and other committees a very strong impression has been given to a lot of people on both sides of the aisle that there is no reason for many programs to be classified. Some of us felt they may have been classified to prevent an open debate on whether we should be spending money on them. Other programs of course should be highly classified and should be handled that way.

But I think that there is a growing concern, that matters become classified because that in itself ends debate and ends dissent. That does not help the Pentagon, it does not help us, and it really does not help the American people.

ATTACK ON "STARK"

Let me ask you a question on the recent matter of the *Stark*. Do we know whether the defensive systems on the *Stark* were operable at the time this happened?

Secretary WEINBERGER. The morning report of the captain reported that the weapons systems were all operational on Sunday morning.

Senator LEAHY. So all we know now is that we have a $400 million frigate sunk by a $1 million French missile, and with the incalculable loss of the lives of more than 30 Americans.

Secretary WEINBERGER. The loss of life is indeed incalculable, Senator. The frigate was not lost. It is repairable, and the full cost of that will be billed to and collected from the Iraqi Government. To whatever extent any reparation can ever be made for the loss of life, that will also be treated in the same way.

Senator LEAHY. Do you really expect the Iraqi's to reimburse us?

Secretary WEINBERGER. Yes, I do.

General HERRES. I might add, Senator——

Senator LEAHY. You would not want us to open your budget and put an offset in anticipation of that, would you?

Secretary WEINBERGER. No, I do not think that that would fit the same timing cycle as the other. But I have every confidence this will be collected, Senator.

Senator LEAHY. General?

General HERRES. I might add that there is every indication that the *Stark* will be able to come home under her own power.

Senator LEAHY. I understand. When I say "loss," I meant that if we were engaged in an ongoing military action, then for all practical purposes the *Stark* would be lost. It is not a combatant today. It would not be able to serve in a battle situation.

Secretary WEINBERGER. Sir, in wartime you have a totally different standard for measuring whether a ship is still operational or not. The propulsion of this ship is operational, and what is being done is to exercise every precaution to make sure that there are no more fires that will cause any more loss of life. But the weapons systems are able to be used.

We do not know the full extent of the damage, but whatever it is we believe it can come home under its own power and that it can and will be repaired.

ACTION BY BOARD OF INQUIRY

Senator LEAHY. I understand you have the Board of Inquiry on its way to Bahrain.

Secretary WEINBERGER. Yes, sir.

Senator LEAHY. And obviously it is not fair to you to ask you to speculate on what they might come up with, and I will not. I would simply raise a point raised by an older gentleman in Vermont this morning. I suspect he is probably saying what is on the minds of a lot of other people.

This man in Vermont said, if the Iraqi air force could do this to us, what if we were up against somebody really big like the Soviets? I think that that is the question, the basic question, that your Board of Inquiry will have to ask in Bahrain.

As I say, I do not think it would be fair to ask you to tell us everything that went right or wrong today when you do not yet have the answers.

Secretary WEINBERGER. We do not have any information yet, Senator. I think we have, quite properly, told the captain to concentrate on saving his ship and saving the crew. The Board of Inquiry will be thorough and complete, and there will be no interest in anybody not having the full facts disclosed.

It should be pointed out, Senator, that the weapons systems on that ship and on the other ships in the gulf are fully capable of destroying these missiles and the planes that launch them. But obviously they were not used. We do not know why they were not used. There was a very short time frame, as I mentioned in the opening statement in response to Senator Stennis. There was somewhere between 60 and 90 seconds to bring the systems into play. They can be brought into play within that time.

But again you have the situation where you know that the plane is a plane of a country which has never attacked your ships before in an area where they have never been attacked. That makes quite a difference when you have to decide things in 60 to 90 seconds. I just do not feel capable of second-guessing the captain of the ship——

Senator LEAHY. Nor am I suggesting——

Secretary WEINBERGER. No, I understand.

Senator LEAHY [continuing]. The same thing here. That is a question that has been raised, I suspect, in the minds of a lot of Americans, and I suspect it is on your minds, too.

General HERRES. Senator, I think there is an answer to that specific question, however. Had we been at war with Iraq and had that been a known hostile aircraft, we would have brought him under engagement much sooner. He could have been brought under engagement 4 minutes out.

Secretary WEINBERGER. When we were in the Gulf of Sidra with the Libyan situation where Mr. Gadhafi had said that all Americans would be killed, we did not have any trouble then with the systems on the planes or with the ability to bring down Libyan planes and ships. Those conditions are there, but you do have to view it from the point of view of the captain on the spot and ask whether, when you do not have a Libyan situation, when you have a country's plane that has never attacked you before way out of the area, then is it or is it not reasonable in 60 to 90 seconds not to have brought all the defensive systems into play?

I do not know. That is what the inquiry is for.

Senator LEAHY. Mr. Secretary, as you know, I supported the President's action in Libya and stated so at the time. I also, though—well, we are in open session. I will not do a followup question about whether all U.S. systems worked well during that operation.

INFLATION IN PENTAGON BUDGET

Mr. Secretary, I have a long-standing interest in the part of the Pentagon's budget which involves inflation and inflation padding. Last year Senator Grassley and I introduced an amendment to remove this and we failed by one vote in the Senate.

Around this time last year you told Congress that the Pentagon had $2.2 billion in extra funds due to an overestimate of inflation. In 1985, that same figure, you told us, was $4 billion. Is anything tucked away this year?

Secretary WEINBERGER. No, sir. We are trying our best, as we always do, when we make up a budget 18 to 20 months ahead of time, to estimate what inflation will be. During the 1970's, it was underestimated. It was estimated to be 7 percent and it turned out to be 14 percent, and the Department had to eat that and ask for a supplemental to deal with it.

We have estimated inflation at rates which, when I first came in 1981 and 1982 we were told were absurdly too low. It turned out that actual rates were even lower than our estimates. We try to do this on as careful a basis as we can.

Senator LEAHY. So what you are saying is that even though the last 2 years there was $2.2 billion and $4 billion found because of overestimates of inflation, this year that figure will be zero? Is that right?

Secretary WEINBERGER. We do not know what it will be, sir, until we know what the actual rate of inflation is at the end of fiscal year 1988. You never know until then. But you should know, sir, that when you do have an overestimate of inflation and funds resulting therefrom, that those funds are reported to the Congress; $8 billion of them were turned back into the Treasury, and the others the Congress authorized to be reprogrammed for higher priority items.

So it is not anything that is tucked away in the bottom drawer. It is a matter of developing an estimate 18 months ahead of time, and you do not always come out precisely at zero.

Senator LEAHY. Well, you mentioned it being turned back, but on May 1 of last year the GAO reported that you had built up a dividend of $44 billion from this inflation account, and this year they say it is up to $55 billion.

Secretary WEINBERGER. But those are——

Senator LEAHY. If I could just finish the question, are you saying that that money is going to be turned back to the Treasury?

Secretary WEINBERGER. No, sir. Those are cumulative totals that are amassed prior to the time there is any disposition made of the funds. If you go back all the years that we did not estimate inflation precisely right 18 months ahead of time, you will find that they build up to some, and some years they are way under. But the disposition that is made of those funds is accomplished usually the year after. It either involves return to the Treasury, or a request for reprogramming, or sometimes lapsing, which is another way of returning it to the Treasury.

Senator LEAHY. Well, is there any of the $55 billion that GAO talks about still available?

Secretary WEINBERGER. Not that I know of. I think that all of the inflation that has been estimated and measured against the actual inflation has been utilized in one of those ways that I just mentioned. We can find out for you specifically.

But again, you cannot make a final determination, Senator, until the fiscal year is over and you measure the actual inflation against the amount for inflation that was put in the budget.

Senator LEAHY. Let us do it this way. Let us have your office take a look at the GAO report and tell me whether you agree or disagree with it.

Secretary WEINBERGER. All right.

Senator LEAHY. In part, or in whole.

[The information follows:]

BUDGETING FOR INFLATION

__Background__. To put the recent GAO reports on DoD inflation in perspective, it is necessary to look at the situation in the 1970s. Throughout the 1970s, the cumulative rate of actual inflation experienced by DoD was more than 40 percent above the budgeted rate of inflation. As a result, not only did DoD fail to get the defense program required by the realities of national security, but inflation robbed the defense program that the Congress did approve. The underestimating of inflation was especially critical for the DoD because of the long lead times for military systems. It left a trail of curtailed procurement programs, lengthened procurement cycles, and some complete cancellation of weapon systems. In addition, plans to enhance readiness, improve the spare parts inventory, and increase training levels frequently fell victim to inflationary pressures. By the end of the 1970s, there was little doubt within DoD that this continuing underestimation of inflation would jeopardize the Department's ability to achieve and maintain the necessary state of defense capabilities.

By 1981, many in the Congress and private analysts, as well, agreed with DoD that this continuing underfunding of DoD programs was a serious threat to the defense posture. In fact, underbudgeting for inflation was the subject of a series of hearings held by the House Government Operations Committee. In FY 1982, DoD, with the support of the Congress, began to budget more realistically for inflation and added an inflation multiplier for the procurement of major weapons. Even then, the Administration's forecast of inflation was considered low by most private forecasters and by CBO. No one predicted that the Administration would be so successful in reducing inflation. From FY 1981 through FY 1986, the cumulative rate of actual inflation was almost 15 percent below the budgeted rate of inflation. This led to the first GAO report that looked into charges that the Department of Defense had incurred a large windfall as a result of lower inflation.

__GAO Final Report dated September 3, 1985__. In the GAO report dated September 3, 1985, the GAO found that the DoD had budgeted $36.8 billion more for inflation since FY 1982 than was needed to cover inflation. The DoD response stated that lower-than-projected inflation, after budgets were submitted to the Congress, provided almost $28 billion in savings. The DoD response also explained that, of the $28.4 billion in savings, $13.1 billion had been reapplied to high priority programs through reprogramings with the approval of the Congress; $9.1 billion had been lapsed and returned to the Treasury; and $6.2 billion was taken in congressional marks.

The difference between the GAO finding of $36 billion and the $28 billion identified by DoD reflects the $9 billion that was needed as a result of higher inflation in the major weapons accounts. The GAO calculations did not recognize the special rate required for major weapons, even though it was supported by the Department of Commerce.

Final Report dated March 7, 1986. In March 1986, the GAO extended their calculation of the inflation dividend estimate through FY 1986 and identified additional savings of $7.5 billion. The Department of Defense responded that the $7.5 billion calculation was correct and explained that $2.2 billion had been used for reprograming actions; $.8 billion had been used by the Congress to finance the FY 1985 Supplemental; $1.7 billion was reduced by the Congress to eliminate the inflation premium for major weapons; $1.1 billion was reduced by the Congress for inflation fairness; and $1.7 billion through other congressional reductions.

GAO Report Based on Request by Senate Budget Committee. In May 1987, the GAO extended their calculations of the inflation dividend estimate through FY 1987. The GAO reports that, based on the budgeted economic assumptions and the actuals, to date, Congress has reduced the funding for DoD fuel by several hundred million dollars more than can be supported by the rates. GAO also reports that reductions to other defense purchases may be several hundred million dollars short of the amount supported by the rates.

Summary. DoD continues to identify funds that become available due to lower inflation. A continuing trend of low inflation is reflected in the Administration's economic assumptions and in DoD's budgeted inflation rates. However, there is now some concern that inflation for FY 1987 and beyond will be higher than forecast. Therefore, it is doubtful that the existing budgeted inflation rates will leave much margin for savings in the near future.

INFLATION ALLOWANCE

Senator LEAHY. On the $2.2 billion I talked about and the $4 billion before, how did you find that money?

Secretary WEINBERGER. Well, you have in the budget an estimate as to the so-called inflation allowance. It is based on the OMB figures as to what their estimate is that inflation will be in that fiscal year, which at the time you make up the budget, is 18 months down the road. So you estimate that you have purchases in the following amounts required, and that your pricing is based on current year, but inflation will be 2 percent, 4 percent, 6 percent; as I say, 1 year, 7 percent, and it turned out to be 14 percent in factual inflation.

Then at the end of the fiscal year, you find out exactly what the inflation rate really was, and that difference either was used to meet the inflationary price or there was some left, in which case we would notify the Congress. Some of it would go back to the Treasury, some of it would lapse, some of it we would ask the Congress to reprogram for other priorities not funded.

Senator LEAHY. My time is up, but I just wanted to ask you this: Do you automatically share that information, if money is found, based on inflation, including whether you are using special inflation kickers?

Secretary WEINBERGER. We do indeed, because the inflation factor in the budget is known. It is published all over the government as part of the OMB estimate, and we cannot reprogram or spend for something that is not allocated in the budget without specific reprogramming authority.

So that we not only want to do it, we are required to do it.

Senator LEAHY. Mr. Chairman, after we have received the Secretary's reaction to the GAO report, I am going to want to submit some other questions for the record.

Senator JOHNSTON. Without objection, that will be permitted.

DEFENSE CUTBACK RESULTS ON MODERNIZATION EFFORT

Senator JOHNSTON. Senator Cochran.

Senator COCHRAN. Thank you, Mr. Chairman.

Mr. Secretary, in your presentation in your initial statement to the committee you clearly indicated for us the impact on the modernization effort of the cutbacks in Defense spending that are contained in the budget resolution.

One thing that is also contained in the Senate Resolution is a mandated tax increase. It seems from looking at the Resolution that if that tax increase is not approved, the outlay levels in the Senate Budget Resolution will be even lower than they are in the House Resolution.

It just seems to me that we are observing the Senate majority using the threat of defense spending reductions much in the way of leverage forcing a tax increase, in effect, if we are to save the Defense from being emasculated by these cuts. Is that your reading of the resolution and what it really means?

Secretary WEINBERGER. Well, the Resolution seems to be based on the strong desire for a tax increase, and it allocates a portion, not all by any means, of the revenue that would be obtained from this unspecified tax increase to Defense. As you say, it makes the additional amount, which is still well below what we requested and well below what is necessary, contingent entirely on a tax increase being voted by the Congress and approved by the President.

We have strong doubts about the constitutionality of that, but we also have stronger doubts about the policy benefits of that. I think that that is not the way to approach it. I think obviously the way to approach it is to carry out the President's budget request, which funded the amounts we required without a tax increase.

I would make one other observation, if you would permit me, Senator. That concerns the relationship between the budget authority and the required budget outlays. We do not believe that the budget authority that is being talked about bears any relationship to the required budget outlays. If we are going to be required to force outlays down to that point, we will actually take a far deeper cut than the $23 billion in budget authority.

Historically, those ratios have shown that the kind of relationship that is in the resolution just cannot be realized.

MICROMANAGEMENT IN BUDGET

Senator COCHRAN. I notice also, and I know you have been observing this, that the vehicle of the Defense Authorization Bill, and in some cases the Appropriations Bill, too, are being used by Congress to write in preemption of administrative authority, Executive authority in the areas of treaty interpretation, nuclear testing, and research programs that are a part of our effort to protect our Nation's security. I know you did not address that in your prepared statement. You talked about the budget

But what are your observations about that—because we have the authorization bill before us now, this week.

Secretary WEINBERGER. I was trying to keep the prepared statement as short as possible, but there is a very large amount of micromanagement. We are required, if I remember correctly, to submit something in excess of 600 reports to the Congress, which takes a very large number of man-hours to prepare.

We have a number of items. One of the ones we cite regularly and urge be changed is one that forbids us to compete the engines for tank. It requires us to buy only one tank engine, and thereby prevents competition. We have some others where we are ordered to compete in areas where there are no competitors.

We have a number of items that forbid us to contract out laundry and dry cleaning service from various posts. There are all kinds of things of this sort which ultimately will require a higher cost, higher charges than we would have to pay, and prevent us from being able to do what we have to do in the most economical way possible.

Senator COCHRAN. You know, I wonder what we would find if we did a cost impact statement or analysis on the nit-picking proposals that are creeping into the provisions of authorizations bills and appropriations bills in the Defense area.

We have seen them do analyses like this on the economic impact of regulations throughout the country, and the impact on consumer cost of goods and services, and it brought on a new era of administrative regulation reform.

Secretary WEINBERGER. It did, indeed.

Senator COCHRAN. Well, maybe if we did an analysis like that we could find out that in the name of trying to save money and protect the taxpayers the Congress in many cases is actually escalating the costs of procurement of weapons systems, and managing the military. What is your reaction to that?

Secretary WEINBERGER. I know that is the fact, Senator. We would be glad to do a micro-management impact study in which we could show you essentially the cost increases that are required. I am sorry to say, I do not think many of them are designed to save money. I think they are quite obviously designed for specific interests somewhat narrower than the whole national interest.

PROHIBITION OF USE OF SPACE STATION BY DOD

Senator COCHRAN. Here is another one. I heard the other day, and maybe General Herres is the proper one to answer this question, that the House is proposing that in connection with the new space station that is being discussed and we are contemplating that the Defense Department will not be able to use it in any way. There will be an absolute prohibition in the law directed to the Defense Department.

I know you have had experience in the Space Command. What would the practical consequences of such a prohibition be?

General HERRES. Well, I think it would be very difficult to predict at this point, Senator, but you do make a good point. We thought all along there may be experiments that we might have to do to evaluate the utility of manned operations in space on those activities that have military significance.

We do not have specific experiments designed at this moment for the space station, nor are we inventing them for that purpose, but in this business of advancing technology predicting the unpredictable is very difficult. We really need to keep that option open, and I think it would be a very serious mistake to close out the option of the use of the space station for military experiments in the future.

If we do, and such experiments become necessary, then we will have to develop separate boosting systems and platforms, and so forth on which to do those experiments; and we may miss great technological opportunities, opportunities to pursue technology that might be very, very important to us.

We may close out the option, and somebody else may pick up that option.

Secretary WEINBERGER. One of the ones who picks up the option, Senator, is the Soviets. They do about 80 percent or more of their space program as purely military.

SOVIET TECHNOLOGY IN HEAVY LIFT CAPABILITY

Senator COCHRAN. That was going to be my next question: whether or not this recent breakthrough that we heard about in Soviet technology in the heavy lift capability—I do not know whether it is accurate or not, but the news reports were containing information that suggested the Soviets had made a very big step forward in this area—and whether or not this would have any consequences that we ought to know about.

Secretary WEINBERGER. It was detailed in the General's opening statement, sir, and it gives them something like a 4 to 1 additional lift capacity over what we have in an unmanned mode.

General HERRES. And it makes their cost of putting a pound of payload on orbit significantly less than ours is now; significantly less.

Senator COCHRAN. Thank you, very much.

Thank you, Mr. Chairman.

Senator JOHNSTON. If the Senator would yield, the micromanagement with respect to the House language on the heavy lift launch vehicle says that it shall be developed with the participation of NASA and shall use existing NASA test facilities, which includes some in Alabama and Mississippi.

Senator COCHRAN. We are going to write that into this bill, too, if the Senator will permit us to.

Senator JOHNSTON. I hope the Senator will not consider that to be meddling.

Senator COCHRAN. That is not. No, I am talking about the micromanagement; the nit-picking that goes on by the Congress in doing what the Secretary was talking about. Here is enough money to build one engine. Practice with it for awhile and see how it works, rather than procuring in the most efficient way possible.

If we imposed on business in this country the restrictions that are imposed on the Department of Defense, every one of them would go broke. That is what I am talking about.

Senator JOHNSTON. Well, I agree with the Senator. My only point was that occasionally some nice entreaties to the Defense Department of suggestions they may not have thought of about a good place to test these rockets is helpful sometime.

Senator COCHRAN. Let me correct that if I can for the record, Mr. Chairman. What that language says is that the Air Force cannot duplicate existing test facilities.

Senator JOHNSTON. I agree with you.

Senator COCHRAN. And it suggests that there is in place now a testing site or sites; there are in place people with expertise; and that just because we are embarking upon a new era of development we do not have to duplicate all of these existing sites, and we should not.

Senator JOHNSTON. I agree with you, and I am for that amendment.

Senator COCHRAN. That is cost effective. That is going to save money, Mr. Chairman.

Senator JOHNSTON. I agree. I agree.

Senator Sasser.

Senator SASSER. Thank you, Mr. Chairman.

Mr. Secretary, how are you this morning?

Secretary WEINBERGER. Fine, thank you.

PERSIAN GULF INCIDENT

Senator SASSER. Mr. Secretary, let me take you back to the Persian Gulf incident for just a moment, if I may.

Secretary WEINBERGER. Yes.

Senator SASSER. U.S Naval vessels heretofore have not operated beyond the 2730 parallel line in the Persian Gulf. Most of the attacks on tankers—in fact almost all of them—have taken place above 2730 in the Persian Gulf.

The *Stark* was operating below 2730 when it was attacked by apparently an Iraqi fighter bomber. Now we are embarked on a program now of flying the American Flag, as I understand it, on 20 Kuwaiti tankers. Is that correct?

Secretary WEINBERGER. No, sir. We received a request from the Kuwait Government to protect some of their shipping, in view of the number of attacks and the desirability of continuing the international waters' aspect, and of their being able to lift the oil out.

We responded that we could protect them, if they wished. They then came back and——

Senator SASSER. This is my question, Mr. Chairman. Are we going to be escorting Kuwaiti tankers above 2730 when we get into the business of protecting them?

Secretary WEINBERGER. We have operated above that line before. To go in and out of Kuwait, obviously you would have to get above that line. We have told them that we would help protect their shipping.

They wanted to put it under the American Flag, and that is their privilege if they comply with all the regulations, and, as I understand it, they are in the process of doing that now.

Senator SASSER. So what we are going to see, then, are Kuwaiti tankers operating up at the top of the Persian Gulf, traversing that Gulf all the way down, what, 900 miles?

Secretary WEINBERGER. A little more.

ATTACKS ON TANKERS IN GULF OVER PAST 4 YEARS

Senator SASSER. A little more than 900 miles, flying the American Flag, and escorted all the way by U.S. Naval vessels.

Now, Mr. Secretary, how many attacks on tankers have taken place in the Persian Gulf over the past 4 years? Do you have that information?

Secretary WEINBERGER. I can get it for you. About 200 on each side. These are attacks on tankers that have been either identified as Iran or Iraq tankers, and it is about an equal number on each side. The ships we are talking about are Kuwaiti ships, or Kuwaiti ships under the American Flag if they reregister them under the American Flag.

Senator SASSER. Well, I think you see my point, Mr. Secretary.

Secretary WEINBERGER. Yes, I do.

Senator SASSER. My concern is that we are going to have U.S. Naval vessels escorting these Kuwaiti tankers flying the American Flag in an area in which there have been over 200 attacks on oil tankers over the past few years. So we are going to be looking—we can anticipate there are going to be more incidents like the one involving the U.S.S. *Stark* in the coming weeks or coming months.

Now this is my point, Mr. Secretary: The United States gets about 3 percent of its oil out of the Persian Gulf. Our European Allies are getting 50 percent of their oil out of the Persian Gulf. Our Japanese friends are getting 90 percent of their oil out of the Persian Gulf. Yet not one Japanese Naval vessel operates in the Persian Gulf. Not one Naval vessel from any European country operates there.

The question I am asking, and the question my constituents are asking me, is: Why are American treasure and U.S. blood being spent to safeguard these oil lifelines to Japan and to Europe? Where are their naval vessels? Certainly our NATO allies have them.

We are looking at a troublesome situation, Mr. Secretary, judging by your own report on burden-sharing which was issued a short time ago. The average American today is paying $1100 for the defense of this country every year, while the average European provides $200 per year. Those figures come from Defense Department reports and from, as I understand it the latest report comes from DoD on burden-sharing.

I am not sure that if it is presented to the American people from the point of view that it is U.S. Naval vessels and it is U.S. sailors that are going to be out there protecting the Japanese and European oil lifeline, the American people want to go down that route, particularly when we see these youngsters coming home in these body bags very shortly.

Secretary WEINBERGER. Senator, first of all the British and French do periodically operate in the Gulf waters. Secondly, the Japanese are under a constitutional restraint with respect to the use of their forces that was imposed after World War II. It permits them only to operate in self-defense in their immediate area.

Senator SASSER. Well, Mr. Secretary, I do not mean to be disrespectful. I have great respect for you and your views and your opinions. But this constitutional provision on the part of the Japanese can be changed. They do not wish to change it. Public opinion in that country does not wish to change it, and I do not blame them.

If we could get the Japanese to protect our interests militarily without our paying for it, frankly I think most of us would be all for it.

What I am voicing to you, Mr. Secretary, is an apprehension that we are going to see more and more incidents like the one that occurred with the U.S.S. *Stark* if you put U.S. Naval vessels further and further in the Persian Gulf protecting these Kuwaiti tankers.

Secretary WEINBERGER. Senator, I assumed you did want a complete answer, and I was about to give it.

Senator SASSER. I do.

Secretary WEINBERGER. My response is that, first of all we have always said repeatedly that all of our allies and ourselves need to do more in view of the risks in the world in which we live.

Secondly, it is absolutely vital for us to have our allies supplied with the necessities of existence. We cannot exist in the world if Japan and the European allies do not have oil, and it is essential that we do all that we can to assist in that whole process, including getting the oil that we get from that area.

So I think we have a common, joint interest in that. We certainly do not want ever to send any American forces into areas where they are not needed or where there is undue and unwarranted risk. But it is essential, if we are going to exist in the world and keep our freedom, that our people go in harm's way from time to time, and it is important that they be prepared and be ready to do that, and our people are prepared and ready to do that.

By being prepared and being ready and being there, we think we minimize the risks either of attacks on them, or of our loss of the necessary resources that our allies and we ourselves need. It is not a risk-free world, and we try our best not to do anything that adds to that risk. We certainly would follow that policy in anything we do.

It is essential sometimes that we go in places of danger. We believe we minimize that danger by being ready, as our ships are, to defend themselves and to take offensive action if that should be indicated. That I think is the basic policy that not just this administration but that any administration that wants to keep our freedom and deter war would have to follow.

Senator SASSER. Well, Mr. Secretary, I would agree with you that this is not a risk-free world. It is necessary on occasion to go into harm's way. My point is this:

Why must the United States always go in harm's way? Why must we pay the lion's share of the defense of the free world? We are 50 years, almost half a century now, beyond the Second World War and we are sitting here with over 300,000 troops in Europe, over 300,000 dependents and civilian employees in Europe.

We are paying much, much more, citing your own statistics a moment ago. We are paying on a per capita basis about 500 percent more than our NATO allies are paying. All I am saying is that I think there ought to be more risk-sharing, and there ought to be more common burden-sharing on the part of our allies.

Secretary WEINBERGER. Senator, we do not doubt that for a moment, and we have said repeatedly in every report and at every NATO meeting and at all the other Allied meetings that I have attended that we all have to do more.

But bear in mind, you cannot just take a snapshot of a single year. During that decade of the 1970's that we mentioned before when we went down 20 percent in real terms in our defense spending and investment, the NATO countries on the average were having a 3-percent annual increase.

The years vary, and the decades vary. You spoke of the nearly 50 years since World War II. I think it is important to point out that that 50 years has been free of a major war, and we think it has been because of the strength of the alliance in Europe—because of the fact that we do maintain these alliances, and we do try to pick up our share of the burden, and we urge other countries to do so.

Some years we do not. We have gone down 5 percent now, or nearly 7 percent, in the last 2 years. The suggestion is we go down much farther in the next 3 years. That is not burden-sharing of a proper nature when you look at the risks that we face and the fact that the threat is increasing.

So it is a relative thing. I do not disagree with you for a moment that all should do more, and that there should be a sharing of the burden. But we are not alone in the Gulf, and we are not alone in NATO, and we are not alone in the Pacific. It is fortunate for the United States that we are not. We cannot carry the burden alone.

Senator SASSER. Mr. Secretary, I think we are alone in the Persian Gulf, and I think we are almost alone in the Pacific. As far as the decade of the 1970's is concerned, I well remember what occurred there. In 1977 President Carter met with our European allies and asked for everybody to agree to a 3-percent increase in defense spending in real terms. All of the NATO Allies agreed. I do not think any of them adhered to it except possibly the United Kingdom.

The United States did adhere to that 3-percent increase in real spending for defense during the 1970's, and of course then your administration came in and we increased it dramatically.

Secretary WEINBERGER. We went down 20 percent in the 1970's, Senator.

Senator SASSER. You are talking about the early 1970's.

Secretary WEINBERGER. No, I am talking about the decade, the average of the decade.

Senator SASSER. I am talking about from 1976 on.

Secretary WEINBERGER. No, it was 25 percent at one time, and there were a couple of recoveries. We have the chart here that we put up at the beginning.

Senator SASSER. I would challenge your figures. But in any case, my point is this: However we slice it, by per capita contribution to the common defense or by percent of gross national product, we of the United States are doing twice as much as our NATO Allies. This comes at a time when their gross national product is now 76 percent of that of the United States.

I would like to see, Mr. Secretary, more efforts on the part of the Department of Defense to encourage NATO to do more in the common defense. It is brought home when I see what happens in the Persian Gulf when only American Naval vessels are there protecting this vital oil lifeline for our allies.

Secretary WEINBERGER. Well, Senator, we certainly do try. We agree we should try. We do, at every opportunity, try to get across the point that we all need to do a great deal more. But as far as NATO is concerned, the ground forces of our allies are far greater than ours. Their contribution in the air is greater than ours. That is entirely proper.

But it is also proper to bear in mind that we could not live in the world if Europe fell. So we are not over there for altruistic purposes. The very best place to defend America is to defend it forward, and defend it as far forward as possible, and that is what we are doing, and that is what we should do.

Senator SASSER. Mr. Secretary, I thank you for your responses.

Mr. Chairman, I ask unanimous consent that the questions of Senator DeConcini be submitted for the record.

Senator JOHNSTON. Without objection.

SOVIET ACTIVITY IN PERSIAN GULF

Mr. Secretary, the Soviets are sharing that burden of escorting those tankers in the Gulf, are they not?

Secretary WEINBERGER. They are escorting chartered tankers of Kuwait. I think they are escorting, or according to the Kuwaitis they plan to charter three for specific escort by the Soviets.

Senator JOHNSTON. Is there coordination between us and the Soviets in our efforts to protect that shipping?

Secretary WEINBERGER. We have not reached that stage yet because we are not acting to protect Kuwaiti shipping at this time, since they preferred to place it under our flag rather than have our protection go to their own flag ships, and placing their ships under our flag takes some time. That process is underway now, at their own decision, by their own request.

Senator JOHNSTON. So of the Kuwaiti shipping, part will be put under our flag, and the other part will remain under their flag but will be protected by the Russians?

Secretary WEINBERGER. I do not know whether they will change flags on the ships that they charter, or whether they will charter them from other countries and leave them where they are registered now, Senator. I cannot answer that right now. We can try and get that for you.

Senator JOHNSTON. Good.

Secretary WEINBERGER. There would be three ships effectively under the control of the Kuwaitis that the Soviets would protect, and they have asked us to protect something like 11 if and when they get under American Flag.

Senator JOHNSTON. Would you envision some burden-sharing in terms of time? That is, on Mondays the Soviets protect their flag? Otherwise, it seems that we are going to have our AWACS up talking to the Soviet ship saying here comes an Iraqi missile.

Secretary WEINBERGER. We have not worked out any form of actual cooperative activity because thus far the occasion has not arisen, but General Herres may have a suggestion along that line. We have tried to be in communication with everybody in the area.

General HERRES. The Soviets are, in fact, operating in the Gulf now. From time to time they do escort ships of various flags in and out of Kuwait. What is different is that the Kuwaitis now will be chartering three oil tankers from the Soviets which they will also protect in addition to the ships that they have protected in the past.

Senator JOHNSTON. By the way, I understand the delicacy of the position of the administration, because had you not agreed to escort these ships, I think the Soviets would do it completely, leaving us sort of abandoning the Persian Gulf to the Soviet Union.

Secretary WEINBERGER. That was in the back of our minds, Senator. I have to say, yes.

SALT II TREATY

Senator JOHNSTON. Now, Mr. Secretary, as you know the supplemental is off the floor now. It was up on the floor. I provided the margin of passage of that bill in the Appropriations Committee. I think it passed 15 to 14, or 13-12, whatever it was. The question was the Bumpers amendment which required adherence to the SALT II Treaty.

I was persuaded, even though I think it is in our national interest to adhere to those limits in the SALT II Treaty, I was persuaded that the supplemental is important; that it is in fact urgent; that we should leave it free of veto-bait kind of amendments like that, and based on that I went along with the entreaties of the administration to vote against the Bumpers amendment.

We then of course passed the amendment. Then it got to the floor, and there a point of order was made and the overwhelming number of Republican Senators voted against the budget waiver.

Now does the administration still support both the budget waiver and the supplemental? Can we get some help on that?

Secretary WEINBERGER. As far as I know, the administration is in strong support of the supplemental, Senator. I do not know the answer to your question specifically about any budget waivers. I assume you mean waiving the provisions of Gramm-Rudman with respect to that bill.

Senator JOHNSTON. Well, actually the provisions of the Budget Act as amended in the Gramm-Rudman. It is part of the Budget Act.

Secretary WEINBERGER. I do not know specifically about that. I do know that we strongly support the supplemental and feel that it is urgently required for the ongoing costs of government, including as I said in the opening statement some must-pay bills that just have to be paid.

HEAVY LIFT LAUNCH VEHICLE

Senator JOHNSTON. And as you know, we have $131 million in there for the heavy lift launch vehicle.

Secretary WEINBERGER. Yes, I do. The Senate does. The House does not.

Senator JOHNSTON. The Senate does; that is right. I would hope that the administration would help us round up some votes on that.

Secretary WEINBERGER. I will be glad to do my small part.

Senator JOHNSTON. Because we are pretty close, and I would hope we can get that done.

SOVIET ICE FLEET CAPABILITY IN ARCTIC

Mr. Secretary, the Soviets are apparently developing quite a capability in the Arctic with their ice fleet. What plans do we have to develop a similar capability or, I would hope, a superior capability?

Secretary WEINBERGER. We have—I would ask General Herres——

Senator JOHNSTON. Air-cushion vehicles, really.

Secretary WEINBERGER. I am sorry?

Senator JOHNSTON. I am really talking about the air-cushioned vehicles. The Soviets have, what do we call it, the Povordnek air-cushioned vehicle in the Arctic which has the capability of giving them 12 months' capability up there. They can go over the ice. They can transport heavy loads.

Secretary WEINBERGER. We have a number of the hover vehicle research projects, as well as the actual vehicles in operation in various parts of the world. I do not know specifically about the Arctic, but General Herres may have some additional information. If not, we can get that for you.

General HERRES. I can add that we have been exploiting that technology for a long time, but I am not up to date on the current status of that.

Senator JOHNSTON. Well, Senator Stevens and I are very strong for trying to develop that capability. I think it has really been overlooked by all of us on this committee and in DoD. There is a capability to modify the LCAC air-cushioned vehicle into what they call the AMBAC without huge investments in time and expense. It would then have the capability of going over the ice.

The Soviet Porvordnek has the capability to go over ridges, how high? Ten feet high on the ice.

Secretary WEINBERGER. It is a hovercraft type of vehicle.

Senator JOHNSTON. It is a hovercraft, that is right.

Secretary WEINBERGER. And we have exploited, as the General said, a number of different technologies. We will certainly be glad to look at anything in particular involving the Arctic.

Senator JOHNSTON. I would appreciate that very much.

Senator Stevens.

ALLIED SUPPORT IN AIDING SEA LANE PROTECTION

Senator STEVENS. Mr. Secretary, going back again to the comments that Senator Sasser made—and I want you to know that I do not think there is a stronger defender of Defense objectives than I have been——

Secretary WEINBERGER. I agree.

Senator STEVENS. —but I think that Senator Sasser is voicing what I hear all over the Congress. That is, where are our allies in protecting those sea lanes? I think this inquiry we are going into must take into account the questions that have been asked.

Are we protecting any other nation's vessels other than Kuwait at the present time?

Secretary WEINBERGER. Not that I know of, Senator. These requests do not come in very often, and that is the only one I know of that is pending. Do you know of any?

General HERRES. We have had two cases where we did protect individual shipments to Bahrain, which does not take them north.

Senator STEVENS. But right now the *Stark* was south of the designated war zone and was protecting just the general freedom of the seas, rather than being a specific protector of any particular nation's shipping. Is that correct?

Secretary WEINBERGER. That is correct; yes, sir. It was on a mission that has been carried out since 1949 in the Gulf by American Naval ships.

Senator STEVENS. But now it appears from the actions of both the Soviets and on our own part with regard to Kuwait that there is a fear that unless vessels are specifically protected above the line they will be subject to increased attack even though they are not dealing with either Iran or Iraq in terms of national ownership. Is that the feeling?

Secretary WEINBERGER. Kuwait has asked specifically for this for a number of reasons, I think. One is that they are very close to the portion of Iran and Iraq where there is a very active war going on and they are worried about the ability to get their supplies in and get their own oil out. They have a very, very compelling case.

Senator STEVENS. But Senator Sasser makes a good point, that our allies do have modern vessels. I remember being briefed by the French on some of their new vessels, and the British on theirs. Have we requested our allies to participate in protecting those sea lanes?

Secretary WEINBERGER. I do not know that there has been any formal request. The French and British Naval vessels have operated and do operate in the Gulf, in the Gulf of Oman and further north, and in the Indian Ocean area, and they have for many years.

INFLATION FACTOR IN DEFENSE BUDGET

Senator STEVENS. Let me shift gears to the comments that Senator Leahy made concerning the inflation factor. I was the one that insisted in the 1970's that there be some change made in the inflation budgeting because we had faced repeated demands in supplementals for monies due to the underfunding of inflation during that period.

Secretary WEINBERGER. Yes.

Senator STEVENS. Now just this last year, at my request, the Senate led the Congress into rescinding $5.5 billion in inflation last year. So we have—and I congratulate your people. They have been very forthcoming in identifying areas where there had been less inflation incurred than estimated.

But this year your basic inflation item is increasing, is it not?

Secretary WEINBERGER. I think it is still roughly in the 4 percent area, Senator. It is whatever figure the OMB gave us that we use government-wide, and I think it is in the 4 percent range.

Senator STEVENS. I mean, I am informed that the actual experience incurred by the Department of Defense in this year is nearer to that estimate than in the previous years.

Secretary WEINBERGER. That is true. That is correct; yes.

Senator STEVENS. So we really cannot anticipate a substantial saving in that area this year.

Secretary WEINBERGER. No. I do not think so at all. In my opening statement, and I did not read it all, I said that the ways of trying to deal with deep budget cuts without making programmatic reductions are just about exhausted. One of them has been the fact that sometimes your inflation estimate is above what actual inflation is. But in many years, as you said, sometimes it is way below the actual inflation.

Then you either have to have a supplemental, or cut your programs.

SPACE INITIATIVES

Senator STEVENS. General Herres, let me shift to you. We have major space initiatives in fiscal year 1987 and 1988: the Titan IV launches, the medium launch vehicle, the shuttle recovery, the advanced launch system. Last year, again at my request, Congress shifted a portion of your budget authority to NASA to assure that NASA would go forward.

On March 26 of this year, we lost an Atlas Centaur rocket with a Navy fleet's SATCOM payload, and I am informed that that was due to a management decision by NASA to launch despite weather conditions that were not proper. I am further informed that my staff asked your people for the internal investigation, and we are told that the Air Force does not have the NASA internal investigation of the March 26 loss.

I want to know, is that true?

General HERRES. I do not know, Senator. Of course I am not in the Air Force anymore, I am in the joint world. But my understanding from the press report is that the investigation has been completed, and it was a NASA-conducted investigation.

Senator STEVENS. I do not want to pursue it, but as a former commander of the space command, I thought perhaps you might be informed as to what the Department of Defense has on hand concerning the investigation of that incident. You do not have that?

General HERRES. No, I do not.

Senator STEVENS. There are those of us who are interested in seeing us pursue the launches that have been delayed now due to the shuttle loss and are very interested to know—and I am one—whether or not there is an internal dispute now between NASA and the Department of Defense that will in any way inhibit the launching of the DoD missions.

Could you provide us with a statement on that, Mr. Secretary, for the record?

Secretary WEINBERGER. Certainly.

Senator STEVENS. We want to know if we can help you.

Secretary WEINBERGER. Well, we certainly need all the help we can get, because we cannot afford to be without launch capabilities for as long as we have been and will have to be, but we will be glad to get you that information. I do not have that particular Atlas report that you mentioned, Senator, but we will see if we can get it.

[The information follows:]

LAUNCH CAPABILITIES

There are no internal disputes between the Department of Defense and NASA that would inhibit the launching of DOD missions. The uncertainty of the Shuttle recovery, both initial launch date and sustained launch rate, as well as the health of our on-orbit constellations which determine the priority of our mission requirements, must all be considered in the determination of a Shuttle manifest. We are continuing to work with NASA to structure a manifest that is agreeable to both parties. This restructuring of the Shuttle manifest will consider both the Shuttle and expendable launch vehicle availability. National security needs will continue to be given the highest priority in any agreed-to manifest.

Concerning the availability of the accident investigation report on the loss of the Atlas/Centaur, NASA has it still under review. The DOD has been involved in the preparation of the report, but has not been provided a copy. It would be more appropriate for the committee to request the report directly from NASA.

EFFECT OF TREATY RESTRICTIONS ON SUPPLEMENTAL BILL

Senator STEVENS. My good friend from Louisiana has mentioned the fact that he voted to remove from this bill, or at least not to include in this bill, the items that are in the House bill concerning ABM Treaty interpretations and other restrictive provisions concerning SALT II.

There are other provisions in the House bill that have been removed by this version of our supplemental, the Senate version of the supplemental, and we have represented that the recommendation would be forthcoming from you that the President veto this supplemental bill if those items are preserved as they pass the House.

Is that correct?

Secretary WEINBERGER. I normally do not give my recommendations to the President to anybody except the President, Senator, but I have to tell you that I think an attempt to impose a treaty on the President would not be constitutional. I also think it would be extremely undesirable because the Soviets have violated the SALT II Treaty repeatedly, and it does not perform any effective purpose except interfering with the normal modernization plans that we have to have.

It is a treaty which did not reduce either warheads or armaments. It authorized increases, and the Soviets added many thousands of warheads legally under that treaty, and several hundred that they are putting in now illegally. So I see no interest whatever in the country in preserving a treaty of that kind.

Senator STEVENS. Well, certainly you as Secretary of Defense oppose those provisions in the House bill?

Secretary WEINBERGER. Strongly; yes, sir. Very strongly.

Senator STEVENS. I want you to know I am quite worried about the continued habit of our colleagues in the House in putting these nongermane amendments on these appropriations bills. I was the one who negotiated with Congressman Boland on several occasions the Boland amendment. They all ended up in various forms, but we now are facing legislative history as to what was intended by the Boland amendment, which certainly was not stated at the time in the conference committee concerning the Boland amendment.

I do not like to see these amendments creep in on the appropriations bills at all.

Secretary WEINBERGER. I share your feeling completely, Senator, and I am glad you are taking the leadership.

Senator STEVENS. I hope that you really convey the message, because we are going to go to conference on this supplemental pretty soon, and those provisions are in the House bill. So far as I am concerned, if they are in the bill that comes to the conference, I will not sign the conference report and do my best to see that you do not get a bill.

I do not think they belong on this bill.

Secretary WEINBERGER. They do not.

Senator STEVENS. And I do not think we ought to have to fight these issues every time we try to meet the supplemental needs of the Department of Defense.

Secretary WEINBERGER. I share that feeling completely, Senator, and I hope you are successful.

Senator STEVENS. Thank you, Mr. Chairman.

Senator JOHNSTON. Now I hope we are successful in getting through this Senate Bill.

MX RAIL MOBILE SYSTEM

Just a couple of quick questions, Mr. Secretary. I have been impressed with the new MX Rail Mobile System, and I hope it works out. It is on track and on schedule?

Secretary WEINBERGER. It is on track. We were very pleased that the House defeated an amendment that would have blocked us from pursuing it. I hope that action stands.

Senator JOHNSTON. Now my question is, can we really afford and do we need both the MIDGETMAN and the MX rail mobile system? The MIDGETMAN I understand is at $39- to $42 billion in 1984 dollars, and may be as much as $60 billion in nominal dollars. Can we afford that, in addition to the rail mobile system?

Secretary WEINBERGER. Well, sir, that I would have to say I guess is up to the Congress. The small individual warheaded missile was put in by a number of Members who felt that it added some form of stabilization to the total situation. If I had to choose between the two, I would certainly choose the MX in the rail garrison mode.

TWO-YEAR BUDGET

Senator JOHNSTON. Mr. Secretary, the administration has presented essentially two 1-year budgets with no savings built in for a 2-year budget. Can you give us any estimate of what kind of savings you could get with a 2-year budget?

Secretary WEINBERGER. Well, we will certainly try to do that. We could do a great deal. You know the savings we have been able to achieve with multi-year procurement, and the same kind of situation would apply to 2-year budgets where we knew in advance, with a 2-year authorization and a 2-year appropriation, what we could order and what we could not. We believe we would be able to make very significant savings in the contracts we would sign.

I do not know if we can give you a precise estimate, but we can give you one that I think will indicate one of the reasons why we are so strongly in favor of the 2-year budget.

TREATY INTERPRETATIONS

Senator JOHNSTON. Finally, Mr. Secretary, you know all the arguments for and against the strict and the broad interpretation of the treaty. Now my question is, if we believe that treaty in its interpretations are not in our interests, why not directly serve notice of withdrawal from the treaty as opposed to adopting changing interpretations?

Secretary WEINBERGER. Well, that is clearly an option that is in the treaty, and one that has to be in any treaty. The national interest of the United States always must permit us to get out of obligations of that kind if they do go directly against the interests of the United States, or if as in this case the Soviets have clearly violated that treaty. That is one way to proceed.

A lot of people have felt that there would be a lot more support if we did not have to set aside that treaty, or exercise the national interest clause until we are ready to deploy. When we are ready to deploy, we will clearly have to have some other arrangements. The President has sought agreements with the Soviets that recognize the ability of both nations to deploy strategic defense systems.

Meanwhile, we believe that the proper interpretation will permit us to do a great many things leading right up to deployment without that step that many people worry about of withdrawing from the treaty.

Senator JOHNSTON. Do you have any further questions?

Senator STEVENS. No, Mr. Chairman.

SUBMITTED QUESTIONS

Senator JOHNSTON. I have some questions from Senator Proxmire, as well. All questions from members will be inserted in the record at this point.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY CHAIRMAN STENNIS

Defense Spending in Supplemental Appropriations Bill

Question. Mr. Secretary, you have been critical in your statement of the reduced levels of funding for Defense in the Committee-proposed Supplemental Appropriations Bill. The Committee has proposed $1.3 billion for National Defense, including $571 million not shown on your Chart 11 for Defense's share of the cost of the new Federal Retirement System. However, the Appropriation Committee has been unable to secure a budget waiver, even at these reduced levels, to allow consideration of the bill on the floor. What would be the impact on the Defense Department if there is no Supplemental Appropriations Bill and Defense does not receive the $1.3 billion recommended by the Appropriations Committee?

Answer. The Defense Supplemental requests funds for bills that must be paid and which continue to increase, funds to implement programs mandated by the Congress, and funds to continue very high priority Administration defense programs. Funding shortfalls and requirements in key defense areas have been recognized by both chambers, but are not funded. Failure to fund these requirements will create shortfalls in other high priority programs.

Financing Adjustments

Question. Mr. Secretary, in the past the Appropriations Committee has used financing alternatives to minimize the impact of a restrictive budget resolution. Last year, these included a large rescission package, decreasing progress payments, increasing contractors' share of tooling costs, and slipping the military pay day. This year the House Armed Services Committee has already proposed to delay year-end payments to contractors by two weeks. What is your assessment of the House proposed, and what other financing alternative exists to minimize the unfavorable impact of the restrictive budget resolution?

Answer. The Department of Defense is concerned about the level for National Defense Budget Authority that is proposed by the House and Senate Budget Committees. The Department is further concerned about the mismatch between budget authority and outlays that exists in the current proposals. Such a mismatch virtually guarantees that the Defense personnel and readiness accounts will have to be cut drastically to comply with the outlay targets. If these resolution targets prevail, the appropriations committees face a formidable task in attempting to find budget authority reductions without either crippling readiness, derailing modernization, or resorting to gimmicks. While the Department is opposed to gimmicks, the DoD has cooperated fully with the Congress in identifying valid financing adjustments when available, which would protect high priority defense programs that would have been deleted as a result of scarce resources. The DoD continues to seek resources that may be available to finance unfunded priorities, but the flexibilities are becoming increasingly limited as program levels are threatened with negative growth sustained by Defense in the last two fiscal years. In recent years, the Administration's success in reducing inflation have provided a source for financing adjustments through unobligated balances. The low rates of inflation assumed in the current budget do not provide much opportunity for savings this year, especially as inflation has begun to increase.

QUESTION: Mr. Secretary, during our hearings this year, many members of this Committee have questioned the priorities of the Army in curtailing production of the AHIP, Apache and Blackhawk helicopters. Senator Stevens and I have requested that you intervene in this matter, by reexamining the Army plan and submitting a budget amendment.

Can you tell the Committee, first, why did the Defense Department support the Army proposals which seriously impair the near-term production capability of helicopters by terminating these three programs well before any follow-up system is ready to be procured?

Second, do you intend to submit an amendment as requested to redress the inadequacies of the Army's aviation plan?

ANSWER: With respect to the Army's Aviation Modernization plan, the LHX program remains its centerpiece. While modernization may not be proceeding fast enough for some, within the overall funding currently available to the Army, their aviation modernization program continues to be acceptable. The Department further agrees that continued production of the AH-64 and UH-60 would be desirable, if additional TOA were available to the Army. The FY 1988 funds made available as a result of restructuring the LHX program could be used for AH-64 advanced procurement funds; therefore, no FY 1988 budget amendment is offered. Changes to the FY 1989 Army helicopter program will be submitted at a later date, if appropriate.

With respect to continuing the AHIP program, the Department previously approved the AHIP for Field Artillery Aerial Observer (FAAO) mission. If funds were available in FY 1988, the Department could buy the aircraft for that role. To do so, the $22 million in FY 1987 advance procurement funds need to be released along with the remaining $92.8 million in production funds. Release of the long-lead time funding would reduce the break in production time and insure an effective procurement program, if FY 1988 production funds are available. Alternatively, the items could be used for spares if there were no FY 1988 OH-58D production funds.

Any further commitment to the AHIP program in the Scout role depends on the results of the recent test and additional funding.

As to the LHX program, the Defense Acquisition Board (DAB) reviewed the Army's proposed LHX program on April 23, 1987. We are convinced that the Army needs to modernize its fleet of light attack aircraft; however, we have some basic disagreements with the Army. The most contentious of these is the adequacy and validity of the Army's decision to limit the LHX design approach to conventional helicopters at the exclusion of tilt rotor and other design options.

To resolve these issues, we are conducting an independent assessment using RAND and IDA. Simultaneously, we are continuing to define the LHX mission equipment package to the extent that such design is applicable to all competing airframe designs. We plan for the independent assessments to be completed in time for the Defense Acquisition Board (DAB) decision meeting in November 1987, which will resolve the airframe design issue and delineate a prototype demonstration and validation (DEM/VAL) program. I have already started these efforts in order to resolve the issues before the next session of Congress. This will give you more time to consider the LHX program in connection with the FY 1989 budget cycle.

In order to proceed with our plan, we need the release of the remaining $19.7 million FY 1987 ARTI funds. Further, we need the release of $114.8 million FY 1987 AHIP funds to avoid a production break in that program, and we need your support of the FY 1988 funding of $170 million for the LHX DEM/VAL program and $135 million for the T-800 engine program. These amounts have already been authorized by the Senate Armed Services Committee.

B-1B BOMBER

Question. Mr. Secretary, the B-1 has had some troublesome problems which the Committee reviewed earlier this year. Can you tell us are you comfortable that you were kept well-informed on the development and procurement process of this program?

Answer. I believe I am kept well-informed on the development and procurement process of the B-1B program. In addition to the Secretarial Performance Reviews and reviews by my staff, a Defense Science Board task force has evaluated and continues to monitor progress on the most troublesome area, defensive avionics. Further, the acquisition information system we are developing will provide timely status reports on all work in progress.

Question. Are you concerned that in attempting to win your support for programs over-zealous service representatives might at times under-emphasize problems?

Answer. I am well aware of the Services strongly advocating their programs. In our oversight role we must make an independent assessment of their activities, relying on our staff with its breadth of expertise from development to testing to production to deployment.

Question. What efforts have you made to ensure this type of problem does not recur?

Answer. As I mentioned earlier, I have been kept informed on the B-1B program. In addition to frequent performance reviews I have taken steps to institute an acquisition information system, modeled after those in successful industries. It will provide an important tool to better track cost, schedule, and technical performance on all programs, projects, and in-house activities.

Close Air Support

Question: General Herres, the Air Force is planning to modernize A-7 aircraft to better perform the close air support mission. Are you satisfied that this aircraft will meet the requirement for close air support aircraft up to the year 2000?

Answer: As you know, Congress directed we initiate a prototype/demonstration program of an upgraded A-7 in 87. We are proceeding with this activity and have awarded a contract to Vought to do the necessary A-7 aircraft modifications for purposes of flight testing. DoD is also about to initiate a design studies to examine alternative options for conducting future close air support missions. In the spring of 88, DoD will have initial results of the prototype efforts and studies and will make a decision regarding the A-7 and follow-on CAS in general. At that time we will know what is the most cost effective solution which meets the objectives of DoD.

Question: Do you support the use of A-7, F-16 or the creation of a new follow-on aircraft for this role in the near future?

Answer: As explained above, we simply do not have all the data available at this time to make a final decision. DoD did not approve the A-16 (Ground Attack F-16) program as a CAS solution during the budget review.

Question: General, what percent of the total Defense force of A-7's can be modified?

Answer: All A-7's could be modified. However, whether this is desirable, remains to be determined.

Question: Secretary Weinberger, would you support modifying the retiring Navy A-7 aircraft for use by the Air Force?

Answer: As General Herres indicated, we are studying the A-7 modifications along with other options. We have to determine the most cost effective solution. If that solution requires additional aircraft for the Air Force from the Navy, we will consider it. However, at this time we have no such plans.

Question: Mr. Secretary, this Committee is concerned with the large number of very expensive aircraft programs which will begin procurement in the near-term and into the 1990's. What role have you played in monitoring the development and production plans of the ATB, ATF, ATA, LHX, C-17, A6F, F-14D and V-22 to ensure that the total programs recommended fit into your fiscal guidance?

Answer: Our normal PPBS review cycle addresses these and all other elements of the DoD budget. In addition, for programs of this magnitude, we conduct periodic, i.e., milestone reviews to insure that programs are sensible justifiable.

Question: Do you believe that the production rates projected for these programs on which the cost effectiveness and program costs have been estimated are realistic and achievable within the funds available for future aircraft production?

Answer: Yes, so long as Congress enacts our budget requests.

Possible Cuts in Defense Budgets

Question. Mr. Secretary, earlier this year, you wrote to House Defense Appropriations Subcommittee Chairman Chappell listing many procurement and R&D programs which would have to be reduced, deferred or eliminated if total FY 88 defense spending was cut as contemplated in the House Budget Resolution.

Since it is unlikely that the outcome of the budget process will yield a significantly higher defense budget, does this mean that we should consider those programs you listed as lower priority programs which could be modified as you suggest to accommodate the lower overall spending total?

In view of your willingness to identify to Chairman Chappell how you would modify your budget request to accommodate a lower defense budget, would your provide a detailed list of lower priority programs, by program element and dollar amount, which could be modified to accommodate anticipated overall reductions?

Answer. In responding to Chairman Chappell, I stated "The important improvements in military personnel, readiness and modernization the Congress has supported for the past six years cannot be sustained or retained if such a persistent retrenchment in national security resources persist." I provided three lists of potential reductions that could be made to implement a $15 billion proportional outlay reduction by (1) assuming that military personnel accounts took their pro rata share, (2) assuming that the military personnel accounts were exempt from reduction, and (3) assuming that both military personnel and readiness (O&M) were protected. All of these scenarios were for illustration only and did not provide a priority list of defense programs. As I have repeatedly stated, the budget before the Congress reflects a balanced defense program at the minimum level required for our national security. Making further reductions to these programs would involve choices for which neither the President nor I would want to be responsible.

CONGRESSIONALLY MANDATED OFFICER STRENGTH REDUCTIONS

Question: **The 1987 Defense Authorization Act requires officer reductions of one percent in 1987, two**

percent in 1988 and three percent in 1989.

Mr. Secretary, the Services have been telling members of this committee that these officer reductions may be assessed against combat forces. Mr. Secretary, how would the 2 percent officer reduction in 1988 really be allocated.

Answer: The decision on an allocation of a 2% cut to the Services has not been made. Until that decision is arrived at, the Services will not know how much and where to take the reduction. However, the officer requirements study submitted to Congress showed that the great majority of fiscal Year 1980-1989 officer adds were in combat/combat-related areas. The 1 percent reduction in FY 1987 significantly impacted the limited number of support officers that had been added. It is therefore very likely that combat structure will be impacted if the additional 2 percent reduction is imposed.

Question: Would you make an equal allocation to all Services?

Answer: It should be clearly understood that the DoD is opposed to the allocation of a 2% officer reduction in 1988. The OSD study on officer requirements firmly supported the process for adding officers. We are struggling to arrive at any rational mechanism for allocating cuts of this magnitude consistent with the department's responsibility to ensure maximum effectiveness of our forces. Consequently, as with the 1 percent reduction for FY 1987, the Department of Defense is having difficulty arriving at an optimal method for allocating the reductions. We are exploring a number of options, including pro-rata, to minimize the impact this reduction will cause to national defense and our ability to execute contingency plans.

QUESTION: Mr. Secretary, there are positive reforms the Department can make to reduce officer requirements without changing force structure. For example, the Army is considering allowing enlisted personnel instead of warrant officers to serve as pilots -- such a change would greatly reduce officer requirements. Mr. Secretary, why aren't you developing such innovative position management reforms?

ANSWER: The Defense Department routinely develops, reviews, and evaluates innovative management reforms. Ideas, such as the Army's on enlisted pilots, are given close scrutiny in the Services' manpower requirements determination process. In this process, quantitative and qualitative requirements are derived through an analytical process which considers the mission, workload measurements, established grade criteria, and career management factors. The end result is a statement of the most efficient manpower mix needed to carry out the military role in the national strategy. These needs are then aggregated and constrained by statutory and fiscal limitations.

After thorough analysis, the Army decided that their proposal to use enlisted personnel as pilots was not desirable. This decision was reached based on a study which showed no cost savings and a risk of readiness degradation. As in this case, we will continue to evaluate potential management actions which can reduce personnel costs without an unacceptable decrease in readiness.

Question: General Herres, the officer reduction produces an off-setting increase in enlisted manpower end-strength. If the two percent officer reduction in 1988 is accompanied by an increase again in enlisted manpower, how will the added enlisted manpower be used?

Answer: Military officer strength requirements are directly related to our perceived defense needs. Those perceptions are shaped in part by the need to develop, maintain, and employ systems of increasing technical complexity. In such an environment additional cuts in officer strength are expected to have some operational impact. To the extent possible we will attempt to lessen that impact by employing enlisted or civilian personnel. The Services will have to work the problem on a system-by-system, case-by-case basis. This is a major task, and it is far too soon to predict whether the final result will be a net gain in terms of operational effectiveness.

HEALTH AND MEDICAL COSTS

Question. Mr. Secretary, Defense health and medical costs for active military, dependents and retirees continue to increase faster than the Defense budget. For example, CHAMPUS cost $1.4 billion in 1985 and has increased to $2.3 billion in 1988. Medical and health costs now account for approximately 14% of all Operation and Maintenance funding. In your opinion, what factors are causing these increases?

Answer. The dramatic rise in health care costs throughout the marketplace may be traced to a myriad of factors. New technology, which has enhanced diagnostic and therapeutic capabilities, is expensive. Pharmaceuticals, medical equipment and supplies, and professional services have all experienced cost growth. Also, the emerging emphasis on health in our society has contributed to increased utilization of health care services.
The CHAMPUS program, as a buyer of health services for military families in the civilian marketplace, reflects the escalating nature of medical cost. For example, in the ambulatory care arena, costs have soared. Just over the past two fiscal years, through April 1987, the average cost of an outpatient visit has risen 17%, from $55.30 to $64.71. Utilization increases, traced in part to fluctuations in the care available in military facilities, has added to the CHAMPUS cost. Seven months into fiscal year 1985, CHAMPUS had paid for 2.5 million outpatient visits.

At the same point in fiscal year 1987, CHAMPUS has paid for almost 3.8 million outpatient visits, which represents an increase of 49%.

Question. What actions has the Department taken or is the Department considering to get health costs under control?

Answer. The CHAMPUS Reform Initiative (CRI) is a landmark plan which will, in addition to other improvements, help contain CHAMPUS costs in the future and provide a means for more efficient use of military treatment facilities and manpower. A new reimbursement system will be established to create the overall management structure and the financial incentives needed to support a partnership of military and civilian health care systems. The new system will take advantage of DoD's nationwide buying power under a competitive procurement to award six regional contracts. The contractors will, for a fixed price, assume financial underwriting responsibility for all CHAMPUS services in their regions. These contractors will establish preferred provider networks to ensure access and availability to quality health care sources. A second measure which will reap significant resource savings for the Department is the implementation of a CHAMPUS payment system based on Diagnosis Related Groups (DRGs). Under the DRG approach, CHAMPUS will pay for inpatient care on the basis of a fixed rate, appropriate to the particular diagnosis involved. The CHAMPUS payment system is modeled closely on the Medicare system with some modifications due to the differences in the beneficiary populations. The products of this change will be more reasonable CHAMPUS costs for both the government and the beneficiaries. The DRG-based payment system will be implemented in fiscal year 1988. Savings of approximately $150 million are anticipated in the first year.

Question: General Herres, has the JCS addressed this issue? Are you concerned that the increased cost of health programs will continue to reduce funding for other readiness programs?

Answer: While the Office of Secretary of Defense for Health Affairs is responsible for programming and budgeting for all medical and health care, the Joint Chiefs of Staff (JCS) monitor medical issues and consider the overall DOD medical program submitted in the President's Budget to be balanced against other critical defense requirements. The JCS also recognize that there is a high cost associated with providing adequate health care to the service member in peacetime while providing for wartime contingencies. This high cost is not unique to the military and is in part driven by the increase in cost of civilian sector health care. According to a recent report by the Department of Health and Human Services, the health care share of US GNP will grow from 10.9 percent now to 15 percent by the year 2000. Despite the fact that medical and health care costs account for only four percent of the total DOD budget, the JCS continue to support initiatives that would reduce the overall health care cost with no degradation of quality. Satisfactory peacetime and wartime medical care is crucial to combat readiness.

Inflation

Question. Mr. Secretary, has the Department of Defense revised its inflation estimate for FY 1987? Have you revised the estimate used in calculating the FY 1988 budget request?

Answer. No.

Question. If inflation rises as current economic indicators predict, will that bring defense spending well below the 3% real growth target planned for fiscal year 1988?

Answer. In our FY 1988/FY 1989 budget submission, FY 1988 outlays were forecast to rise only by 0.8% in real terms. If inflation, and consequently, the cost of our providing for the nations security increase without a concurrent rise in available resources, then our real growth will decline accordingly.

Question. If inflation rises 1% compared to your original fiscal year 1988 estimate, and Congress holds to the existing Senate Budget Resolution, what would be the negative impact on our military posture?

Answer. A 1% increase in the FY 1988 inflation rate will require an additional $1.8 billion, which, if not funded, will reduce currently approved programs accordingly.

CHEMICAL WEAPONS

Question: Negotiations are continuing between the United States and the Soviet Union on the elimination of chemical weapons. Mr. Secretary, what are your views of these negotiations.

Answer: I welcome any dialogue with the Soviets that might lead to an elimination of chemical weapons. Since November 1985, we have had five rounds of bilateral discussions with the Soviets on a chemical warfare ban, and a sixth is scheduled for mid-summer. We are seeing, apparently, a new Soviet seriousness about a chemical weapons ban. There has been an evolution in the Soviet position on verification measures, for example, although the Soviets have not accepted mandatory challenge inspection. I believe the primary reason for these Soviet shifts has been that they realize we are finally serious about acquiring an adequate chemical deterrent capability via our binary modernization program.

While there has been progress over the past year, much work remains to be done. With continued Congressional support of the binary modernization program, I believe we could see a promising round of bilateral and multilateral (Conference on Disarmament) discussions.

Question: Do you believe, Mr. Secretary, that the continued development of binary munitions can play a positive role in advancing the chemical disarmament talks?

Answer: It is my opinion that the US decision to produce binary weapons has enhanced our negotiating position with the Soviets. If the US had no binary program, there would be little incentive for the Soviets to negotiate. Pressing ahead with the decision to produce is the best leverage we can give our arms control negotiators.

I would like to stress that beyond what binary modernization does for arms control is what it does for more immediate national security needs. It redresses a serious military deficiency that has plagued us for many years. We shall now have a credible chemical deterrent capability to minimize the prospect of our armed forces coming under chemical fire wherever they may be.

Chemical Warfare

Question: What in your view, General Herres, would be the impact of a moratorium on the continued development and production of binary chemical munitions by the United States?

Answer: A moratorium on the continued development and production of binary chemical munitions would perpetuate the US deficiency in chemical deterrent/retaliatory capabilities. The US needs the modernization program for a credible deterrent/retaliatory capability to provide at least minimum protection for US service members. The program redresses a critical deficiency in the face of continued proliferation, and the deterioration of the US stockpile. A moratorium would also damage our negotiating position vis-a-vis the Soviet Union. The Soviets didn't start to negotiate seriously on a comprehensive chemical weapons (CW) ban until Congress passed both the Authorization and Appropriation bills in 1985. It is my personal belief, and that of the JCS members of the US negotiating team, that a moratorium would prove a serious setback to the CW negotiations. Without US modernization, the Soviet Union could return to its position of supporting weak approaches to a CW convention which would leave it virtually unverifiable, or they might revert to old tactics of tying up the negotiations with circular arguments. A moratorium would therefore effectively allow the Soviets to "sit out" the negotiations while the US aging unitary stockpile continues to deteriorate. This would amount to US unilateral disarmament. The US modernization program is thus a critical lever for US negotiators and indispensable to US security interests.

STRATEGIC DEFENSE INITIATIVE

Question: General Herres, it has been reported that, because some members of the Joint Chiefs are concerned that any SDI deployment will divert scarce funds from other important nuclear and conventional programs, there has been a delay in the JCS validating a specific military requirement for the SDI. Without identifying which members of the Joint Chiefs have such concerns, would you agree that some members of the Joint Chiefs of Staff are worried that SDI deployment will divert funding from other important military programs, especially in the conventional forces? How would you characterize these concerns?

Answer: On 14 May 1987, the Chairman, Joint Chiefs of Staff, forwarded to the Secretary of Defense a statement of mission need--what we call a "justification of major system new start" or JMSNS. Concurrently, we began formulating a set of operational requirements for the first phase of the new system in preparation for an upcoming Milestone review by the Defense Acquisition Board. On 23 June 1987, the Chairman, Joint Chiefs of Staff, forwarded to the Secretary of Defense that detailed military requirement. Affordability was not addressed in either of these actions by the Joint Chiefs of Staff. However, as the Ballistic Missile Defense program approaches subsequent milestones and the systems concept is validated, all relevant considerations, including affordability, will be thoroughly examined. At present, it would be premature for me to speculate on specific cost concerns by some members of the Joint Chiefs of Staff.

Question: The Joint Chiefs are supposed to be assessing the military impact on our present nuclear and conventional forces, and our future defense needs, of the currently proposed arms control agreements on medium and short-range intermediate nuclear forces and on eliminating strategic ballistic missiles. General, what progress have you made in these assessments, and can you share with us any preliminary conclusions whether these arms agreements will require increased defense efforts by ourselves and our allies to maintain our security?

Answer: The Joint Chiefs of Staff have conducted numerous studies of both the US and Soviet arms control proposals for use by the President. While most of these assessments have been completed, the fluid environment of arms control requires almost constant assessment and revision. All of these studies have vividly reminded us of what we have been saying for years, which is "strategic nuclear weapons provide this country and our NATO allies with a relatively cheap and extremely cost-effective form of deterrence." Our INF weapon systems are no different in that their elimination would require increased defense efforts in order to maintain an equivalent level of deterrence and thus security.

Question: Will you and the other Joint Chiefs share with Congress your personal professional judgments in these areas once your assessments have been completed?

Answer: I can only speak for myself in this regard, but once the assessments have been completed and I have had a chance to review the recommendations, I will be glad to share with Congress my personal professional judgments on the proposed arms control agreements.

Question: Have the Joint Chiefs been asked to assess the impacts on the military effectiveness of our strategic offensive forces and on our conventional forces of any Soviet reaction to a US SDI deployment? Do you think the Joint Chiefs should formally make such an assessment before an SDI deployment decision is made?

Answer: The Joint Chiefs have not been asked to assess the impact on our strategic and conventional force capability in view of possible Soviet reactions to a US SDI deployment. Before the time comes to make the decision to move into full scale development with the strategic defense technology, I anticipate the Joint Chiefs would need to make an assessment of the military effectiveness of our forces in light of possible Soviet reactions to the US SDI deployment.

Question: Admiral Crowe affirmed to Congress earlier this year that, historically, the JCS have supported the ABM Treaty and maintenance of that treaty. Would the Joint Chiefs support the broad interpretation of the ABM Treaty if it lead to the end of that treaty and removal of any limits on Soviet ABM deployments, thus permitting them to deploy nationwide missile defenses in the near-term?

Answer: This is a hypothetical question that has not been put to the Chiefs. It would not be appropriate for me to speculate on how they might judge this postulated situation--which is further complicated by the assumptions that would have to be made in order to provide any kind of meaningful answer.

Question: Earlier this year, Admiral Crowe testified to Congress that sufficient knowledge was not available then to make a decision on early SDI deployment. When do the Joint Chiefs think sufficient information will be available to permit an informed decision about early deployment, especially as to the feasibility of later-deploying defenses of which the early-deployment defenses are to represent the first phase?

Answer: "Early" deployment is not under consideration by the Department of Defense, rather we are examining the concept for a first phase of a Ballistic Missile Defense System deployment. Technologies necessary to support the first phase are nearing maturity, and a Defense Acquisition Board review is planned soon to examine a proposed concept and determine whether or not a concept demonstration-validation phase should be initiated.

QUESTION. You testified that restructuring the SDI Program to develop and test ballistic missile defenses under the broad interpretation of the ABM Treaty could save $3 billion. Is this $3 billion now contained in the FY 88-92 defense program? Please provide for the record a detailed breakdown of how these funds could be saved, specifically in terms of which programs, projects and experiments would be affected, in which fiscal years, and by what amounts?

ANSWER. A detailed report on this subject was submitted to the Congress on May 20, 1987, in response to Section 217 of the fiscal year 1987 Defense Authorization Act. The report describes activities which the United States could conduct under a restructured SDI program aligned to the broader interpretation of the ABM Treaty. We have estimated, preliminarily, that the cost to achieve a Full Scale Engineering Decision (FSED) for an initial defense would be approximately $3 billion less under a restructured program than under the current program. As described in the report, a restructured program would realize savings that compensated for the costs of system exploration experiments and other modifications necessary to conduct full capability technology validation experiments. This would result in savings of approximately $3 billion in pre-FSED expenditures over what the current program would require to reach an FSED decision. Actual savings would be realized after fiscal year 1992.

QUESTION. You testified that this restructured program could lead to deployment of some missile defenses sometime in 1994. Please provide for the record the details of this deployment, including: (a) numbers of required sensors, weapons, ground facilities, and any other needed systems and structures; (b) the time-table to achieve initial operational capability (IOC) and full operational capability (FOC); (c) the additional funding required annually in fiscal years 1987-92, and in the budget Extended Planning Annex, to accomplish IOC and FOC, in constant (FY88) and current dollars; (d) the effectiveness of these defenses at IOC and FOC, expressed in terms of the percentage of a responsive Soviet threat which could be destroyed.

ANSWER. The broad interpretation of the ABM Treaty would allow the U.S., through restructuring the SDI research program, to retain the option to deploy strategic defenses in the mid-1990's. Even under ideal conditions, the restrictive interpretation would delay deployment until the late 1990's. The specific details associated with a future deployment of strategic defenses are not yet fully known; our research efforts are intended to improve understanding and then entertain a decision on the desirability of defenses. A recent Report to the Congress, responding to section 215 of the fiscal year 1987 Defense Authorization, describes defensive missions and functions and related SDI technologies that could provide a basis for their improvement.

ALLOCATION OF RESOURCES TO CONVENTIONAL FORCES

QUESTION: General Maxwell Thurman, Vice Chief of Staff of the Army recently testified before Congress that the Army was underfunded $77 billion by DoD in the FY 1988-1992 Five Year Defense Plan. He further stated that without at least an additional $18 billion over what DoD has allocated in this plan, the Army will be forced to terminate their top five procurement programs prior to the start of follow-on programs. This raises the possibility that this country would not have a warm production base for its main battle tank, the M-1, the Bradley Fighting Vehicle, the AH-64 attack helicopter, the UH-60 utility helicopter, or the multiple launch rocket system.

Mr. Secretary how can you justify a budget allocation among the Services that continues a massive strategic buildup at the expense of our conventional forces?

ANSWER: The premise of the question is inaccurate. Strategic funding amounts to less than 15% of the total DoD request in FY88-FY89, as it has in each budget submitted by this Administration. This does not represent a "massive" reallocation of resources, nor is strategic capability being procured at the expense of our conventional capability. While recent Congressional pressure to reduce Defense spending has forced us to cut back on some aspects of our previous plans, those adjustments have been made in full recognition of the need to maintain both strong strategic and conventional capabilities. Both strategic and conventional forces have received significant increases in funding since 1980.

STRATEGIC DEFENSE INITIATIVE

Question: General Herres, is the Joint Chiefs of Staff currently studying how to reallocate DOD budget authority between conventional and strategic forces if INF negotiations prove fruitful? Can you give this committee some idea on how this study is proceeding?

Answer: No. We would be jumping the gun if we were reallocating the DOD budget before we had a firm handle on what force changes were required. The Joint Chiefs of Staff are still determining the correct force mix necessary to compensate for the weapon systems proposed to be eliminated by the current INF arms control proposals. Because this is a NATO problem and not just a US one, we are working closely with our allies as we focus on what the necessary compensatory measures would be. It will take some time to complete the effort, and we are certainly not ready at this moment to begin reallocating dollars. Further, there is the additional consideration of verification costs which will also have to be carefully evaluated prior to reallocation of funds.

CONVENTIONAL FORCE MODERNIZATION

QUESTION: Mr. Secretary, DoD's budget allocation to the Services has reduced the Army's research, development and acquisition accounts from 21 percent of the total DoD RDA budget in fiscal year 1981 to 16 percent in fiscal year 1989. Why does DoD continue to allocate less and less to our conventional force modernization effort in light of the President's commitment to the American people to reduce the risk of nuclear war?

ANSWER: The Army's FY 1989 RDA budget is a function of the availability of resources provided by the Congress, the needs of the Service and priorities within the Department. It is not a specific percentage of the total DoD RDA budget.

Since FY81 the Army's percentage of the total DoD budget has varied only slightly, increasing from about 24.5% in FY81 to between 25.5 and 26% in the FY88-89 submission. In establishing the Army's FY 1989 RDA funding level within this total, many trade-offs among force structure, modernization, readiness and sustainability were evaluated and acted upon. The decisions reflect the continued commitment to a high priority on readiness. In a sharply constrained budget - like the FY88/89 submission - this may mean that the share going to modernization may shrink. For example, in FY87 Army O&M accounted for 31% of its TOA, whereas Investment accounted for 33%. The FY88-89 request reflects a growth in O&M to 33/34%, while Investment has been reduced to 30/31% of TOA. We believe this to be the proper balance among those competing needs given the resources available to us.

Question. Mr. Secretary, in February this Committee held a hearing on the use of National Guard and Reserve roundout brigades. We learned that the annual operating and personnel costs for these brigades is only about 25% of an active brigade and their readiness and combat capability is quite high. Wouldn't you agree that the taxpayer is getting a good return for the dollar with the roundout associations?

Answer. Yes, I agree.

Question. Why don't we create more roundout associations?

Answer. The current Army structure has a proper balance of roundout units. Each year as the Total Force is reviewed, the Army weighs the cost and benefits of increasing the number of roundout units. There is always an element of national risk involved with roundout assignments and the capability of the Army to respond quickly in a crisis. At some point, the degree of risk outweighs the simple peacetime cost savings associated with roundout. Furthermore, roundout associations tax the active parent organization (Brigade or Division) for additional support and those organizations are taxed maximally now. To maintain an effective deterrent posture through peacetime force deployment, the Army has a prudent balance of roundout units.

1987 Rescission of Appropriated Funds

Question. Last year, because of the severe outlay restrictions placed on the Committee, over $5 billion in previously appropriated defense funds were rescinded, primarily from the procurement accounts. Previously, such available funds from contract savings or program terminations were transferred to other current requirements. What impact did the rescission of prior-year funds have on program execution in fiscal year 1987?

Answer. The rescissions were in the Procurement and RDT&E titles. In the Procurement title, rescissions were composed of inflation rate recomputations, favorable contract award savings, and denied reprograming action funding sources. The specific reductions to the affected programs did not have a direct adverse impact since these funds would have been reprogramed to satisfy high priority unfunded requirements. The loss of the rescinded funds forced the Department to stretchout viable, ongoing programs or defer support elements of weapon systems to finance cost growth, increased requirements, and emergent programs which were of a higher priority. It, in turn, had a destabilizing effect on contract prices, economic production rates, equipment deliveries, and maintenance of the Defense industrial base.

This will bow-wave prior year funding deficiencies causing further turbulence and reprioritization during fiscal year 1987 program execution.

In the RDT&E title approximately three fourths of the rescissions were attributable to prior year inflation savings and had no effect on fiscal year 1987 execution. The remaining one fourth reflected program cancellations and congressional direction and similarly had no impact.

Question. If faced with a similar outlay problem for fiscal year 1988, would you advocate a similar rescission of available funds instead of the transfer of such monies to the fiscal year 1988 program?

Answer. Yes, if a similar outlay problem were encountered for fiscal year 1988, a similar rescission of available funds would be preferable to transfers to the fiscal year 1988 program.

Question. How did the rescission package impact the formulation of the baseline and growth estimates used in preparing the budget before us?

Answer: The fiscal year 1988 budget provided for 3 percent real growth in budget authority over the enacted level for fiscal year 1987. The impact of the rescission from prior year balances has been reflected in the outlays estimated for fiscal year 1987 and beyond. This is consistent with the past practices of DoD and OMB regarding rescissions.

FUEL PRICES AND CURRENCY CONVERSION RATES

Question. In previous years, Congress has been able to make substantial reductions in budget submissions because of favorable trends in fuel prices and currency rates appear to be reversing. Since your budget submission was put together, the value of the U.S. dollar has fallen, and the price of petroleum has risen. My staff estimates that, if current petroleum and currency rates remain in effect when fiscal year 1988 begins, the Department's budget will be underfunded by approximately $1 billion. How does the Department propose to deal with this problem?

Answer. It is very difficult to project what fuel prices and the value of the U.S. dollar will be during the next fiscal year.

If the recent trends in the value of the U.S. dollar and the price of fuel do not reverse during the execution of FY 1988, the Department will experience funding shortfalls in these areas. However, there is a mechanism in place to resolve the shortfall occurring from foreign currency rates in the Operation and Maintenance (O&M) appropriations.

The Congress has provided the Department with the Foreign Currency Fluctuations, Defense (FCF,D) transfer appropriation which allows the Department to transfer funds from the FCF,D appropriation to the various O&M appropriations to finance increased costs due to a decline in the value of the U.S. dollar. Funds in the FCF,D appropriation are replenished by transferring unobligated balances from expired Procurement and O&M appropriations. With the authority already provided and that requested of the Congress to enable continued replenishment of the fund, the Department should have enough resources to finance the increased cost caused by unfavorable foreign currency rates.

In regard to fuel prices, while the costs have been increasing recently and it does appear that some fuel deficit will be experienced in FY 1988, accurate funding projections are not available at this time. Depending on the magnitude of the shortfall, the Department has several options to eliminate the funding shortfall which include the temporary drawdown of stock fund cash, the transfer of funding from another stock fund, a supplemental appropriation request or, as a last resort, a reduction in OPTEMPO.

OVERFUNDED PENSION FUNDS

QUESTION: Secretary Weinberger, in 1988 budget documents, the Administration states that it is taking action to recover excess pension costs charged to prior defense contracts. According to a Wall Street brokerage report, virtually all aerospace contractors have overfunded pension funds, and pension funds for eleven large defense contractors are overfunded by $5.5 billion. What is the current DoD estimate of overfunded defense contractor pension funds?

ANSWER: The department does not maintain a reporting system that accumulates this data. The status of the funding levels of pension funds is monitored on a case-by-case basis by the administrative contracting officer and the contractor auditor.

RECOVERY OF OVERCHARGES

QUESTION: How much of these overcharges have been recovered?

ANSWER: The fact that a pension fund is overfunded does not mean that the government has been overcharged. A pension fund normally becomes over/underfunded because of such things as fluctuations in the market value of stocks and bonds and changes in interest rates. Therefore, when stock values go up, the value of the pension fund increases. Actually, when the pension fund is in an overfunded position, it requires a smaller annual funding or no annual funding, decreasing the cost to the government

DOD's SHARE OF OVERCHARGES

QUESTION: What is the current DoD estimate of DoD's share of these overcharges that have not been recovered?
ANSWER: As stated in the answer to Question 49, an overfunded pension fund does not mean that the government has been overcharged.

RECOVERING OVERPAYMENTS

QUESTION: How is DoD recovering these overpayments?
ANSWER: As stated in the answers to Questions 49 and 50, overfunded pension funds are not overpayments. The DoD policy provides that any current year charges for pension fund deposits must be reduced by the overfunded portion of the pension fund before such charges are allowable on DoD contracts.

Question: Earlier, Senator Johnston asked about the savings that might be achieved by appropriating funds for a two-year budget instead of the two one-year budgets in the Administration's request. You replied that you would be able to make very significant savings using a two-year budget. Please provide estimates of these significant savings for the 1988-1989 request for each major procurement item.

Answer: Historically, defense funding levels have experienced periods of growth and decline associated more with political and economic concerns than with a sound defense policy. This, in turn, has led to considerable disruption with defense planning, with program execution, and with program costs. Two-year budgeting, if successfully implemented in both the authorization and appropriation process, will provide additional stability in these areas which will result in savings. An example of this type of savings are those that have been achieved through multiyear procurement. While those procurements span larger time periods than two fiscal years, there are still savings to be realized from reduced uncertainty in contractual efforts associated with biennial budgets.

If two-year authorizations and appropriations are approved, it is anticipated that savings will develop as a positive effect of contract negotiations knowing that there is a two-year commitment from Congress. This will be a new environment for both DoD contract negotiators as well as Defense contractors. Potential savings cannot be estimated because experience in implementing a two-year budget is required. In the meantime, the Department of Defense cannot afford to anticipate savings which could result in underpricing in the absence of full, effective implementation of a two-year budget.

QUESTIONS SUBMITTED BY SENATOR BYRD

FUNDING FOR STRATEGIC FORCES

A common criticism of the Reagan Administration's defense budget priorities is that too much funding is devoted to strategic forces compared to conventional forces. An aspect of this issue is that it is difficult to track funding for these two types of programs in the defense budget. The Department of Defense's Major Force Program budget includes a category for Strategic Forces (Program 1) but no category for conventional forces, although analysts sometimes use a combination of General Purpose Forces (Program 2), Airlift and Sealift (Program 3), and Guard and Reserve Forces (Program 4) as a proxy for conventional forces. Moreover, Program 1 Strategic Forces does not include funding for all strategic programs. For example, it does not include funding for Research and Development of systems not yet approved for procurement. As a result, Program 1 funding estimates greatly underestimate funding for strategic forces. (For example, according to Program 1 estimates, funding for strategic forces accounts for about 7.5% of total DoD funding in FY 1987. Secretary Weinberger and others, however, have asserted that strategic forces funding actually amounts to about 15% of total DoD funding.) Consequently, funding trends may appear differently depending on which strategic forces concept is used.

DoD Resources for Strategic, General Purpose and DoD-Wide Programs
Current and FY 1988 Constant Budget Dollars, Billion
FY 1988-1989 Budget

Fiscal Year (FY)	Current Dollars ($B)				FY 1988 Constant Budget Dollars ($B)			
	Strategic	General Purpose	DoD-Wide	DoD Total	Strategic	General Purpose	DoD-Wide	DoD Total
1964	9.4	20.1	20.0	49.5	42.2	90.5	87.6	220.3
1965	7.0	21.8	20.8	49.6	30.4	94.7	87.8	212.9
1966	6.8	32.9	24.8	64.5	27.3	131.6	98.4	257.3
1967	7.3	36.8	27.5	71.6	27.9	141.0	104.5	273.4
1968	8.1	37.5	29.4	75.0	29.9	138.2	107.1	275.2
1969	9.2	37.3	31.3	77.8	32.5	131.3	108.9	272.9
1970	7.9	36.0	31.6	75.5	25.9	118.5	102.7	247.1
1971	8.1	33.3	31.4	72.8	25.4	104.0	96.3	225.7
1972	8.5	35.3	32.7	76.5	25.0	98.9	91.7	215.6
1973	9.3	35.8	33.8	78.9	25.2	94.8	87.9	207.9
1974	9.1	37.3	35.3	81.7	22.4	90.6	84.3	197.3
1975	9.9	38.1	38.1	86.1	21.9	84.9	82.3	189.1
1976	10.2	45.1	40.4	95.7	21.3	94.6	82.0	197.9
1977	12.2	52.0	43.4	107.6	23.4	100.1	81.5	205.0
1978	12.3	57.7	46.1	116.1	21.6	102.9	80.6	205.1
1979	10.9	64.1	49.7	124.7	17.6	104.7	79.4	201.7
1980	13.8	71.6	56.6	142.0	19.6	103.7	78.6	201.9
1981	16.7	91.3	67.5	175.5	21.2	118.3	83.5	223.0
1982	21.3	113.1	76.5	210.9	25.6	136.7	89.6	251.9
1983	26.9	124.1	85.5	236.5	31.4	144.3	97.6	273.3
1984	35.0	127.5	92.9	255.4	39.8	144.8	104.5	289.1
1985	36.2	140.1	101.2	277.5	39.9	154.3	110.9	305.1
1986	34.4	140.9	105.2	280.5	36.9	151.1	113.1	301.1
1987	34.6	143.7	108.0	286.3	35.6	149.5	113.0	298.1
1988	39.2	146.8	118.1	304.1	39.2	146.8	118.1	304.1
1989	43.6	156.2	124.3	324.1	42.2	150.9	120.0	313.1

Senator Byrd: 1. It is difficult for Congress and the nation to intelligently debate the balance of funding for strategic and conventional forces without more accurate funding estimates for these two kinds of programs. Can you provide information on funding for strategic forces (using the broader definition presupposed in the 15% estimate, cited above) and conventional forces (using DoD's definition of choice) for the period FY 1964 to FY 1987 and estimates for FY 1988 to FY 1990, in both current and constant dollars. I would also appreciate estimates of funding for strategic and conventional forces assumed in the administration's budget estimates submitted to Congress for each year FY 1983-FY 1987. (Include in each estimate, figures for the budget year and the succeeding two out-years, as presented each year in the budget of the U.S. Government).

2. If funding for strategic forces has grown more than funding for conventional forces during the years FY 1982-FY 1987 and/or is projected to grow at a faster rate during the FY 1988-1990 period, what is the administration's rationale for favoring strategic over conventional forces in the defense budget?

Answer: 1. Information on funding of DoD Strategic, General-Purpose, and DoD-wide programs for the period FY 1964-1987, and the estimates for FY 1988-89, are given in the attached table.

Information on planned funding of DoD Strategic, General-Purpose, and DoD-wide programs for the FY 1983, 1984, 1985, 1986, and 1987 budgets, requires extending the categories applied to FY 1988 budget and historical files, to program elements that are present only in the FY 1983 -FY 1987 budgets. This work is under way and the results will be provided as soon as available.

2. There is no substantial trend over the FY 1982 - FY 1987 or FY 1988 - FY 1989 periods of greater funding growth for DoD Strategic vice General Purpose programs. Although there are year-by-year fluctuations, they are not significant compared, for example, with the period in the early 1960s of relatively high expenditure on strategic programs, or with the Vietnam War era's relatively high expenditure on general-purpose and DoD-wide programs.

Costs to Maintain U.S. Armed Forces

According to some estimates, the defense budget must grow in real terms by 3%-5% a year to maintain the current force structure at a high state of readiness and to modernize forces with new weapons at a rate considered necessary to maintain a technological lead over the Soviets. (See, for example, The Center for Strategic and International Studies, U.S. Conventional Force Structure at a Crossroads, November 1985, p 63.)

Question. What is the judgment of the Defense Department on the validity or invalidity of this "rule of thumb" in Defense budgeting?

Answer. Many have stated that this DoD budget is the most realistic budget submitted by this Administration. While it may be more realistic from a fiscal standpoint, it is not the most realistic from a national security standpoint. There is no question that a 3 percent increase in the DoD budget will not reduce all the risks but it should keep the risks to a minimum.

We can and must provide 3 percent growth in the DoD budget if we are to provide even the minimum level of defense requirements.

Question. Given the overall level of funding for Defense will be lower than that requested by the Administration, which programs would you cancel if the choice had to be make?

Answer. As I have repeatedly stated many times, the budget before the Congress reflects a balanced defense program at the minimum level required for our national security. Last year the Budget Resolution provided for 3 percent growth each year. The Department has made the tough choices to get the budget total to 3 percent growth and still stay within the level set by the Congress. Making further reductions to these programs would involve choices for which neither the President nor I would want to be responsible.

SUSTAINABILITY FUNDING

Reportedly, sustainability remains the greatest concern of the Commanders-in-Chief of the Unified Commands. (See, for example, U.S. Congress, Senate Armed Services Committee, National Defense Authorization Act for Fiscal Years 1988 and 1989. Report to accompany S. 1174, pp. 15-16.) In some cases, stocks are sufficient for only a few days' combat.

Question. How much additional funding would be needed to purchase the full amount of defense items to meet current sustainability objectives? Would you provide for the record subtotals for ammunition and munitions, spare parts, major pieces of combat equipment (e.g., tanks, aircraft), and secondary items?

ANSWER: Specific long-range planning war reserve materiel inventory objectives change from year to year as we reassess the various threats, risks, and vulnerabilities in each theater, and continue to modernize and expand our own force structure. DoD's long-range sustainability objective is to possess sufficient war reserve stocks to replace combat attrition for US forces until accelerated production from the industrial base matches combat consumption.

The Defense Guidance establishes guidelines for computing our interim war reserve inventory goals, known as Program Procurement Objectives. The following chart depicts projected funding requirements to achieve our Program Procurement Objectives for war reserve items.

Combat attrition replacement (i.e., war reserve stocks) aircraft are not procured in peacetime. War reserve secondary items include spare reparable components, repair parts, personnel support items and other generally low cost consumable items.

War reserve inventory levels are established in terms of day-of-supply for all commodities except threat-oriented munitions. [Deleted.]

SUSTAINABILITY FUNDING
CONSTANT FY 88 $
(BILLIONS)

	PROGRAM PROCUREMENT OBJECTIVE	ON HAND END FY86 FDP	ADDITIONAL FUNDING NECESSARY
TOTAL	253.3	153.7	106.7
COMBAT EQUIPMENT	104.5	94.0	15.9
MUNITIONS:			
LEVEL OF EFFORT	62.5	23.8	40.4
THREAT	60.4	21.7	38.7
SECONDARY ITEMS	23.7	12.4	11.3
FUEL	2.3	1.8	0.5

Question. How does NATO Sustainability Compare with that of the Warsaw Pact?

Answer. In the past decade, the amount of pre-stocked military supplies by the Warsaw Pact has substantially increased. Today, more than 3 million metric tons of ammunition are pre-stocked in the Western military theater. This ammunition, along with over a million metric tons of petrol, oil and lubricants, is sufficient to support Warsaw Pact military operations against NATO for 60 to 90 days.

While major NATO shortfalls exist in several key munitions categories, the Alliance in recent years has undertaken vigorous efforts to improve the situation. The main focus of these efforts is on specific critical munitions which are identified item-by-item for each nation in the form of highlighted force goals under the current initiative for conventional defense improvements (CDI). Among all of the non-US CDI highlighted ammunition objectives -- totalling over 35 items of land, air, and maritime munitions combined -- roughly one-half will be fully or almost fully implemented. Overall, taking into account both CDI and non-CDI items, the non-US NATO allies, particularly the Central Region countries, continue to project progress in increasing their holdings of major ground, air and maritime munitions. Steady progress continues to be made also in achieving the desired level of on-hand fuel supplies.

QUESTIONS SUBMITTED BY SENATOR DECONCINI

Question #82. Mr. Secretary, press reports indicate that the unwarranted attack by Iraqi F-1 Mirage jet fighters is being "played down" by White House and Pentagon spokesmen and that Iraq has issued an apology. They also believe the attack was "inadvertent." If we have not already, at what point do you expect detailed explanations regarding the nature of this attack and official compensation from that government?

Answer #82. It is clear that this was an inadvertent attack by the Iraqi aircraft. In discussions with Iraqi officials during the joint US/Iraqi investigation conducted 23 to 29 May 1987, the details of the events leading up to and during the attack were discussed at length. [Deleted.]

Question: In recent months, the Iranians have targeted ships traveling to or from Kuwait. Two Soviet tankers were recently attacked or injured by Iran. Press reports indicate that 300 ships have been attacked by both sides in the last three years. In 1987 alone, 21 ships were hit by Iran and 18 by Iraq. Recently, Mr. Secretary, we have discussed with Kuwait the idea of providing U.S. protection of Kuwaiti oil tankers. Given this information and background, I am sure that you and Secretary Shultz are prepared for the increased possibility of an attack on an American ship. This recent attack by Iraq confirms the inherent risk of U.S. - Kuwaiti agreements and the U.S. presence in the area. All this could significantly escalate the U.S. involvemnet in the region. Has there been discussion before or after this incident to invoke the War Powers Act? It seems to some lawmakers that this act reads that the President must consult with Congress before introducing U.S. armed forces into hostilities or into situations where imminent involvement in hostilities is clearly indicated by the circumstances. Do you intend to invoke this in the future?

Answer: In response to your first question, the War Powers Act was discussed and it was deemed that it does not apply in this case. In the first place, while ship attacks have occurred in the Gulf, that region is a thriving commercial area and these attacks have affected less than one percent of the shipping traffic in the Gulf. In fact, commercial ship and air traffic traverse the Gulf daily. This is not a war zone. Furthermore, the unfortunate incident with the USS STARK was an accident and not the result of an Iraqi operation to attack a U.S. warship. Iraq has apologized for the incident, declared its willingness to pay compensation, and cooperated with the U.S. to prevent another such incident. As for our intentions, it is not appropriate to speculate on what we might do in the future since we cannot predict what might develop.

Question: What action will the Administration pursue in supporting stronger measures in the United Nations Security Council to bring an end to the Gulf conflict?

Answer: As you know, the Gulf conflict is merely one part of the larger war between Iran and Iraq. As such it cannot be solved without an end to the entire war. To that end, we have successfully sponsored UNSC Resolution 598 which would end the fighting, restore pre-conflict borders, and negotiate a peaceful solution. This resolution was passed unanimously. Iraq has stated its support of the resolution, but Iran has yet to declare its position. At the present time we are working closely with the other permanent members of the UNSC to develop a second, companion resolution which will mandate sanctions on the belligerent which refuses to abide by UNSCR 598. By the second resolution we hope to force Iran to stop fighting Iraq, return to pre-conflict borders, and negotiate a peace with Iraq. Only in this way will we be able to bring peace to the Persian Gulf.

Question: Mr. Secretary, which of our allies in NATO and in the Middle East have assisted the United States in efforts to rescue the U.S.S. STARK and which allies are supporting the U.S. position on high alert in the Gulf?

Answer: In response to your first question, both Bahrain and Saudi Arabia immediately provided search and rescue assistance and made medical facilities available to the USS STARK. Kuwait also made its medical facilities available to us.

I am not sure what you mean by "high alert", however, all of our NATO allies and Persian Gulf friends who were asked have provided both political and material support for our efforts in the Gulf.

Question #86. Mr. Secretary, I understand that the USS STARK was in Condition III at the time of attack, which is a relatively low state of alert. Initial reports also indicate that the STARK did not respond with first or second lines of defense against the Iraqi Exocet. What happened? I understand that we are at Condition I now, which is a state of high readiness. Are US allies in the region also at this condition or a similar state of readiness?

Answer #86. USS STARK was in readiness Condition III at the time of the attack. [Deleted.] In this condition the ship is prepared to engage a possible threat on very short notice. This is the maximum state of readiness that can be sustained by a ship over an extended period of time.

Increased levels of readiness, Condition II or I (General Quarters), involve increasing the ship's ability to react to a probable (Condition II) or imminent (Condition I) threat of attack. [Deleted] Condition I, General Quarters, has the ship at its maximum state of readiness [deleted]. The lowest state of readiness is Condition IV for peacetime operations with no threat of attack expected.

Even though the STARK was in Condition III and capable of responding to the Iraqi Exocet missile, she did not. The specific circumstances and reason that STARK did not respond will be determined by the Navy investigation currently being conducted. Since the STARK incident, ships of the Middle East Force have been directed to increase their vigilance and preparations to react to hostile intent or a hostile act under the existing rules of engagement. Normal operations in the central Persian Gulf are conducted at readiness Condition III. [Deleted] [deleted]. The level of readiness maintained by the allies in the region can be assumed to be similar to that of our forces, commensurate with the regional threat. There are no discussions, mutual arrangements, or agreements with the allies concerning operating readiness conditions.

Senator DeConcini: Mr. Secretary, There are generally fundamental and profoundly deep differences between the Administration's position on Angola and that of Congress. Our country does not recognize the Marxist regime there. Our country has no formal diplomatic relations with the Marxist regime there. Our Department of State has identified that government as actively supporting international terrorism. Soviet weapons and arms have increased to the tune of $1 billion last year. Press reports indicate that the Cuban presence has increased substantially in the last year to 37,000 troops. The regulations establishing the U.S. Trade Embargo against Fidel Castro's government prohibit any U.S. trade and financial transactions with any territory under the control of the Cuban Army, Navy, or Police. Cabinda Province, which provides the oil to furnish Cuban troops and Soviet weapons, is most definitely under Cuban control.

Nevertheless, Mr. Secretary, you have made the argument that the U.S. needs access to the oil for "Defense purposes". It seems to me that this does not make a great deal of sense and directly contradicts U.S. Security Interests, the Trade Embargo against Cuba, and the Trading with the Enemy Act. A Rear Admiral with NATO was recently quoted as saying the Soviets have naval vessels, submarines, and a few Bear Long-Range Aircraft in Angola. When will U.S. Policy change in this region? Are you not concerned that another Cam Rahn Bay is developing near our strategic oil lanes?

Mr. Weinberger: Mr. Senator, I assure you that Defense shares your views on the Marxist regime in Angola, and further that the Administration is aligned with the Congress on seeking removal of Cuban troops from Angola and facilitating an internal reconciliation which includes an equitable sharing of power with Jonas Savimbi's UNITA.

As a practical matter, DoD is prohibited from purchasing Angolan oil from companies doing business in Angola under PL99-661 Section 316, unless a waiver is granted by me. A waiver can be granted only when it is in the best interests of the United States to do so, and to date none has been given.

For logistics reasons, we oppose other limitations on the Defense procurement system that would reduce our ability to procure fuel essential to supporting our worldwide commitments. Under existing legislation and our implementation regulations, oil companies that are producing oil in Angola must certify that fuel supplied to DoD is not of Angolan origin. We at Defense believe that any further procurement restrictions limiting DoD access to world wide fuel suppliers would harm our defense interests far more than the Marxist administration in Angola.

APACHE

QUESTION. Mr. Secretary, General Rogers in Europe has said a number of times that NATO's conventional forces are so badly outnumbered by the Warsaw Pact that NATO would be quickly forced to use nuclear weapons should a conventional outbreak occur. It seems to me that we should do everything possible to bolster the U.S. and NATO

conventional force structure. However, the administration asked for, as an example, 593 Apache helicopters. The Army Vice Chief of Staff has said 1031 is the number needed for all active and reserve component units. The Senate Armed Services Committee has stepped in and increased this level to 683, I believe. This is still 348 Apaches short of this stated amount. My question is, and please be specific, how will the Army deal with this in terms of modernization? What percentage of active units will not be equipped? What percent of National Guard units will not be equipped?

ANSWER. The number of Apaches needed to fully modernize all Army Compo 1,2 and 3 heavy attack helicopter requirements is 1031 or 47 attack helicopter battalions (28 active, 15 ARNG and 4 USAR). Procurement of 593 Apaches will resource 29 attack helicopter battalions (26 active and 3 ARNG). The remaining 18 battalions (2 active, 12 ARNG and 4 USAR), will retain the AH-1 Cobra attack helicopter. This approach to modernization was taken due to affordability and Army recognition that acheivement of full modernization is not possible. The answer is a mix of high and low technology equipment that places an emphasis on modernizing units that are first to fight. The AH-1 Cobra, if modernized, can become a more effective tank killing aircraft and is planned to be a member of the combined armes team into the next century.

Philippines

Question: Mr. Secretary, initial estimates indicate that relocating our bases in the Philippines would cost U.S. taxpayers anywhere from 6 billion to 13 billion dollars. Still, it is doubtful we would be able to replace the value of subic and clark from a strategic perspective. Mr. Secretary, how are negotiations proceeding now on our base rights agreement due to expire in 1991? Are the discussions on-going and inclusive of current aid requests? Could you provide a specific report on this matter to me?

Answer: The Philippine-U.S. Military Bases Agreement (MBA) expires in 1991, after which either side may terminate the agreement upon one year's notice. Under terms of a 1979 amendment to the MBA, bilateral reviews are held at five year intervals. The first quintennial review was held in 1983, the next is scheduled for 1988. No formal discussions have been conducted with the Philippines as yet, but negotiations are expected to begin in early 1988.

In conjunction with the 1983 MBA review, President Reagan pledged his "best efforts" to obtain from the Congress security assistance appropriations for the Philippines in the amount $900 million ($475 million in economic aid and $425 million in military aid) for fiscal years 1985 through 1989. As part of this effort, the President has requested $124 million in Economic Support Funds and $110 million in Military Assistance Program grants for FY88.

Cyprus

Q. Mr. Secretary, I have been to Cyprus and have seen U.S. equipment and military hardware paraded about. There are many members of Congress who might support vital assistance to Turkey, yet this blatant exhibition of U.S. assistance against Greek Cypriots flies in the face of U.S. foreign policy. What policies or options are you pursuing to remove U.S. equipment and have it stationed in Turkey, where they have borders with the Soviet Union, Syria, Iraq, Iran, among others?

A. As a consequence of past violence on Cyprus, the Turks explain that they have maintained a sizeable force on that island to protect the Turkish Cypriots; and the GOT points toward the virtual absence of armed incidents since 1974, as evidence of that policy's effectiveness. They have also noted that the Turkish buildup of forces was in response to that by the Greek Cypriots.

We have, with the Department of State, discussed the issue of arms and forces on Cyprus with the GOT. We have urged that forces be decreased, as a gesture of good faith, and as a means of bringing both sides to accept the UN Secretary General's initiatives for a peaceful settlement on the island. There is some evidence that the levels of Turkish forces and equipment in Northern Cyprus are beginning to decline.

STINGER MISSILE

QUESTION: Mr. Secretary, I understand that these numbers are not classified. Should a conflict break out, the U.S. would need 47,000 Stingers. We currently have less than 8,000 in our stockpiles. Does this concern you?

ANSWER: Yes, we are concerned about our current shortfall in Stinger missiles. We have a procurement strategy to purchase [deleted] Stinger missiles for the Services by 1995. Our program as presented in the President's budget is the minimum number of Stinger missiles required to meet our needs.

QUESTION: And has there been any discussion to send or transfer more of these missiles to Central America?

ANSWER: Presently, we have no ongoing discussions concerning the provision of Stinger missiles to Central America.

QUESTION: Finally, DoD has upgraded security controls on the Stinger in 1982, 1984, and 1986. Given this concern, should we not pursue all options to safeguard this system?

ANSWER: We have pursued and will continue to pursue every feasible option to safeguard Stinger missiles. In March, we issued detailed guidance on security procedures to safeguard all Man Portable Air Defense Systems (MANPADS) transferred to foreign countries, and we expect to continue to improve upon these procedures as given situations may dictate.

QUESTIONS SUBMITTED BY SENATOR WEICKER

Long Range Planning

Question. The top line graph represents the nation's real defense needs. Correct? If true, why did you submit the other plan to Congress?

Answer. Many have stated that this DoD budget is the most realistic budget submitted by this Administration. While it may be more realistic from a fiscal standpoint, it is not the most realistic from a national security standpoint. As I have repeatedly stated, the budget before the Congress reflects a balanced defense program at the minimum level required for our national security. There is no question that a 3 percent increase in the DoD budget will not reduce all the risks but it should keep the risks to a minimum. We can and must provide 3 percent growth in the DoD budget if we are to provide even the minimum level of defense requirements.

Question. The FYDP cannot be summarily revised without an extensive program review. Internal departmental memoranda, which I possess, suggest none is planned for the balance of the year. When do you intend to revise the FYDP downward so that it conforms with the one presented to Congress?

Answer. The FYDP is a rolling record of program and resource planning within the department. As the next internal defense planning and programming cycle begins, the outyears will be adjusted.

Question. Since the five-year budget projections you have presented to Congress are not an accurate reflection of your department's long-range financial plans, I must conclude that you are not abiding by the spirit of the law--Section 603 of the Congressional Budget and Impoundment Control Act of 1974, which requires the President to submit five-year budget projections for the government. How do you respond to that?

Answer. The fact that the FYDP, at this point in time, does not yet reflect the budget projections of the President's budget for the outyears in no way negates the President's five-year budget projections for the government nor diminishes its value as an internal planning tool for the department.

Question: I have a document entitled Procurement Programs (P-1) dated January 1987. It lists all major DoD procurement programs. The preface states: The P-1 exhibit is derived from and consistent with the Five Year Defense Program Annex data base." Since the numbers in the P-1 are consistent with the higher, internal FYDP, why would not a smaller FY 1988 procurement budget be consistent with the five-year projection you sent to Congress?

Answer: The Department of Defense document Procurement Programs P-1 reflects procurement estimates for FY 1986 through FY 1989 only and is derived from the DoD Five Year Defense Program Procurement Annex data base. This document is prescribed by the Congress as a supporting exhibit to the President's budget. The Procurement Annex data base (by procurement line item) is a subset of the FYDP data base (structured by program element) and is also consistent by program and appropriation (both content and dollar value).

There is no merit in revising outyear defense program estimates contained in the internal DoD five-year program until the Congress completes action on the Department's authorizations and appropriations for FY 1988 and FY 1989. Once Congress provides the Department with an enacted budget for FY 1988 and FY 1989, the program requirements for the next two years can be structured within the fiscal constraints of the President's topline for FY 1990 and FY 1991. The FY 1988 procurement budget is consistent with the FYDP and represents the minimum level of funding necessary to meet mission requirements.

Question: Instead of revising the FYDP as required, the focus during the balance of the year will be on the Extended Planning Annex (EPA), which covers the period beyond the FYDP--FY 1993-2002. Is that true?

Answer: In a two-year budget process, as Congress has mandated and the administration has endorsed, the President's budget FYDP would, of course, be updated only every other year.

During this first two-year cycle we have used the "off" year to focus on subjects that have heretofore received too little attention. This includes, among other subjects, both longer-range planning (to which the EPA applies) and implementation/execution of extant programs.

Question: Since there are no immediate plans to revise the FYDP, the long-range cost differential between the EPA projected from the FYDP and the EPA projected from the five-year budget presented to Congress should be about $500 billion. Correct?

Answer: We do not understand how this figure was computed, nor the concern that it reflects. It is therefore difficult to comment whether it is "correct." Certainly if the Congress appropriates substantially less than the President requests there will be a "gap" between the EPA and the enacted budget.

Special Access Programs (SAP)

Question: Please discuss the wisdom of separating "black" technology from unclassified budgetary information.

Answer. Although budgetary data alone might not compromise the technology involved in a particular SAP, it may well lead to such a compromise by providing the key elements of information to sophisticated foreign intelligence targeting, enabling an enemy organization to begin to put the pieces together as to the details of a program. Each SAP program involves particularly sensitive information whose disclosure to potential adversaries would be extremely damaging to national security; they may also involve extremely advanced technology that gives us a qualitative edge. Next in most cases the technology or the extraordinary application of it is perishable and requires accelerated development or deployment. Finally, special access programs may be operational systems whose disclosure could give adversaries an added incentive and ability to pursue countermeasures. Therefore in each instance it is determined that: (a) normal management and safeguarding do not limit access sufficiently; and (b) the number of persons with access is limited to the minimum necessary to meet the objective of providing extra protection for information. I feel strongly that it is wise to keep budgetary data on special access programs classified.

SPECIAL ACCESS PROGRAMS (SAP) LEGISLATION

Question: What is your position in the Aspin amendment?

Question: What is your position on my amendment?

Question: Given that some legislation will be enacted this year, what form do you think it should take?

Answer. My position is that additional legislation in the area of special access programs is not necessary and could have an overall negative impact on our ability to carry out these important and highly sensitive programs.

Under our current procedures, the details of all acquisition special access programs are made available to representatives of all four defense oversight committees. None of these programs is exempt from committee oversight. The special access budget materials we provide to the committee staffs include specific identification of the procurement and research and development line items in which the funds to support each program are located. We are able, therefore, to provide the committees with the information they need to perform their oversight functions while affording these programs the protection they need in the unclassified budget materials. Because of the magnitude of the ATB program, we have further agreed to brief any member of Congress who feels he needs to understand the program.

Security is the paramount issue on which we base our decisions on SAPs. We are improving the mechanisms by which we provide all those with a need to know in Congress with the information they need to make informed decisions regarding SAPs.

If legislation is enacted, however, my position is that certain safeguards must be provided, including: (a) avoiding legislative language which overrides departmental security classification such as requiring unclassified reports of program objectives of funding; (b) limiting reporting to only major defense acquisition programs; (c) allowing exclusion of certain very sensitive programs from written reports to Congress; and (d) establishing special procedures within Congress for proper handling and storage of any special access program documents which may be required, modeled after procedures in use within the select intelligence committees.

Regarding the proposed House and Senate amendments, Senator Weicker's proposal is more in conformance with the safeguards that I have identified above. However, I feel strongly that such legislation is not necessary and I cannot lend support to any of the proposed amendments.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

MK-92 CORT

Question: Congress has repeatedly tried to improve the anti-air weapons aboard the FFG-7 class frigates with the CORT upgrade of the Mark 92 Fire Control System. During last year's markup of the Fiscal Year 1987 Defense Appropriations Bill, $116 million was included for 6 Mark 92 upgrades. The Navy, however, opposes this program, and tried to rescind the money this year. Don't you believe that Sunday's attack on the USS Stark provides sufficient reason to improve the anti-air capabilities of the frigate?

Answer: A full and complete determination regarding the capability of the anti-air combat systems aboard the USS Stark (FFG 31) to detect and engage the threat of 17 May, given the conditions at the time of the incident in the Persian Gulf is under intensive review by the Navy Board of Inquiry. Nevertheless, Navy operational testing of the MK-92 CORT in the fall of 1986 failed to demonstrate a performance improvement over the current MK-92 Mod 2 system in operational test scenarios postulated to be similar to that of 17 May in the Persian Gulf.

Transfer of Technology to Soviet Union

Question. It was recently discovered that two foreign companies that do business with the Pentagon provided the Soviet Union with highly valuable technology. Toshiba of Japan and a State-owned Norwegian company violated western export controls by selling machines that make advanced submarine propeller blades. These blades help eliminate the noise that enable the U.S. to detect Soviet subs. Although Japan and Norway are taking legal action against the two companies, will the Defense Department debar these contractors?

Answer. The Department of Defense is considering whether to suspend or debar Toshiba Corp. of Japan and Kongsberg Vaapenfabrikk of Norway. The Federal Acquisition Regulations provide that suspension or debarment are sanctions that may be imposed only in the public interest for the government's protection and not for purposes of punishment. Representatives of the Department of Defense at the highest levels have been in contact with representatives of the governments of Japan and Norway to urge investigation of the export regulation violations and for those governments to take appropriate punitive and corrective measures. The Department will also evaluate the corrective actions taken by the two companies to determine whether a suspension or debarment of either or both companies would be in the public interest for the government's protection.

Sequestration

Question. Mr. Secretary, what would be the impact on your budget in the Congress is forced to sequester this year and CBO is correct that this would mead a 14% reduction in outlays from your request--in every line without discretion?

Answer. The level proposed for national defense in FY 1988 by both the House and Senate Budget Committees represents a $23 billion reduction to the request. A $23 billion reduction in the defense budget would follow two years of congressional action that decreased defense budget authority by about 7 percent in real terms resulting in sharp cuts in planned defense spending and forcing reductions to strategic programs and conventional force programs. Vital readiness funding was also reduced. An arbitrarily government-wide sequester level of $30 billion in outlays would reduce DoD outlays by an additional $15 billion and be devastating to our national security, not only because of their magnitude, but also because they must be applied equally across-the-board. Such reductions would return national defense funding to the FY 1981-FY 1982 level and result in negative growth of 15-20 percent. The Congress has exempted almost 40 percent of the budget including Social Security, Veteran's benefits and most welfare programs from sequestration. It is time to recognize that the defense budget is a national security issue, not a budget issue, and Defense funding should be based on the threat, and not on the size of the deficit. DoD has made substantial reductions year after year in response to efforts to reduce the deficit. The record will show that cuts in the defense plan have been more than offset by increases in domestic spending and large deficits persist. National security requirements have become obscured completely by the debate over the deficit. National defense represents just 28 percent of the total federal budget, but must absorb 50 percent of sequestration under current law.

QUESTION· Mr. Secretary, how many short-range missiles will we have to deploy in Europe to counter the Soviet advantages in this category; specifically, what missiles do you have in mind; where will they be based; and how much will it cost?

ANSWER: We are continuing our analysis to determine our requirements for short-range missiles in Europe. The Lance system will be obsolete by 1995 and the Army has initiated a Phase 2 (Feasibility) Study to determine the best candidate for Follow-on Lance (FOL). The required numbers to be procured, basing and costs depend on the choice of the best candidate.

Question. With fewer nuclear missiles deployed in Europe, some argue that conventional forces will have to be increased there. Do you agree with that assumption and do you think the European NATO governments will increase their budget support for conventional defense?

Answer. Significant force reductions in the nuclear area would clearly lend increased importance to ensuring that NATO's conventional defense capabilities are sufficient to meet the demands of NATO strategy. A major effort for conventional defense improvements (CDI) is already underway in NATO. Allied Defense Ministers approved the plan of action for CDI in May 1985. They reaffirmed their commitment to the vigorous pursuit of this important initiative at the May 1987 Defense Planning Committee Ministerial. They also agreed to continue to aim at real increases in their defense expenditures on the order of 3% per year.

QUESTION: Secretary Weinberger, in the latest edition of Soviet Military Power you say that the Soviets will begin deploying MIRVed SS-24s this year. If we stay within the SALT II limits, however, the Soviets would have to dismantle other MIRVed silo-based ICBMs to accommodate these SS-24s. Without the SALT II limits the Soviets won't have to dismantle any ICBMs. They can go over the 820-launcher limit on MIRVed ICBMs. Now the Administration has consistently said that the Soviet's MIRVed ICBM force is the most destabilizing aspect of the Soviet strategic arsenal. If that's the case why do you oppose a treaty that would result in the Soviets dismantling these MIRVed ICBMs. If we completely, abandon SALT, which you've been urging the President to do, we're in effect preventing the Soviets from tearing down some of their most dangerous missiles. Why do you want them to keep these missiles?

ANSWER: -- The Soviets are exceeding SALT II SNDV limit and MIRVed SNDV limit today.

-- SALT limits are no militarily significant and there is no assurance that the USSR would dismantle viable strategic systems based on an unratified agreement.

o The Soviets already have more than enough RVs to target all significant U.S. military targets. (Note: The U.S. has many military facilities and military - related targets which the Soviets probably do not consider sufficiently important to target with nuclear weapons. It is probably an exaggeration to say they have enough warheads to hit all U.S. military targets.)

o The Soviets can add thousands more RVs and still remain under the SALT constraints.

o Yet, the Soviets have repeatedly violated key SALT II limits.

o SALT II is dead. Congressional efforts to have the U.S. unilaterally adhere to SALT II will harm our security and make negotiating a START agreement more difficult.

Question: Mr. Secretary over the past few months a number of people have criticized the President for moving toward an INF agreement that would eliminate the short- and long-range INF nuclear forces in Europe. We've had dire warnings from former President Nixon and former Secretary of State Kissinger that we'll make Europe inviting for a Soviet conventional attack. But isn't it correct that the conventional force balance in Europe is not as far out of line as some would have us believe? Isn't it correct that we are much stronger in Europe than NATO orthodoxy would have us believe? Isn't the President's goal of eliminating these nuclear weapons in Europe a worthy one?

ANSWER: The President's goal of eliminating all U.S. and Soviet short- and long-range INF nuclear missiles on a global basis is indeed a worthy one. It would be an historic arms control agreement, the first to actually reduce the number of nuclear weapons in the world and the first to eliminate an entire class of nuclear missiles. In particular, it would eliminate the threat of over 1300 warheads deployed on the Soviet SS-20 missile that are targeted on our allies. At the same time, the great majority of NATO nuclear systems would remain unaffected by an INF agreement. Europe's security would continue to be supported by U.S. nuclear weapons on both aircraft and submarines and by other ground- and sea-based nuclear weapons.

With regard to conventional capability, the conventional force balance in Europe has historically favored,

and still favors, the Warsaw Pact by very sizable margins. However, it is unlikely that the Soviets would judge their force advantages sufficient now to achieve their political/military objectives in the time they require. Nonetheless, NATO recognizes that it must make greater efforts to improve its conventional capabilities whether or not there is an INF agreement.

Question: Secretary Weinberger, all this talk about early deployment of strategic defense makes one mistaken assumption. And that is that we could actually deploy anything by 1994 or 95. A staff report Senator Johnston and I issued, which closely examined the SDI program, concluded that we would have an extremely difficult time deploying SDI early, because the technology is still immature and because of the magnitude of the undertaking. Former Defense Secretary Harold Brown, a world class physicist, testified before this Subcommittee that we could not launch a near-term deployment by 1994 or 95 even if we wanted to. Do you agree with these assessments? Isn't all this talk about early deployment of Star Wars just wishful thinking?

Answer: The technological progress that has been made in the SDI program over the past three years has advanced at an unexpectedly fast pace, and is still accelerating. Although speculation about an imminent early deployment is unwarranted at this time, this progress has enabled us to examine concrete working hypotheses about the type of defensive options that may be available in the early to mid-1990s.

It is most likely that future decisions on deployments will have to be made on the basis of defensive options, each of which would provide increments of protection from ballistic missile attack. This evolutionary approach to strategic defense is known as the concept of phased, or incremental deployment.

[Deleted.]

QUESTIONS SUBMITTED BY SENATOR DOMENICI

Biennial Budget Cycle

Question. Would your department agency favor a biennial budget process? What benefits would your agency achieve in a two-year appropriation cycle?

Answer. We not only favor the process but our budget submission this year was a complete submission for FY 1988 and FY 1989. By far and away the greatest advantage sought by DoD is topline stability. If two-year budgeting provides a greater degree of stability to just two concurrent fiscal years, our program managers would be able to plan, price, and procure their programs with a greater degree of security from fluctuations in quantity and funding levels. Two-year budgeting should reduce by half the occasion for Continuing Resolution Authority (CRA), if the appropriations committees agree to report out two-year appropriations bill. This will ease the contracting [illegible] within DoD and avoid the additional costs associated with delayed contract awards and forced production inefficiencies. [illegible] budgeting has arisen because of the belief that the process has overtaken the purpose, and that too much time is now spent on budget matters to the detriment of other responsibilities. Once the Congress shifts its focus from budget detail [illegible] policy, we would hope that our programs would [illegible] support in the Congress.

Question. Approximately what proportion of your annual appropriations request would you consider simply repetitious of the previous year's cycle?

Answer. Each year, the budget we submit to the Congress reflects a balanced defense program where every account has been reviewed and adjusted as necessary.

Question. What difficulties can you foresee in preparing and submitting a two-year budget to the Congress?

Answer. None, as our current submission was for two years.

Question. Would you expect to realize any budget savings if you could plan your agency budget on a two-year basis? If so, could you estimate how much?

Answer. We would hope that two-year budgeting would lessen the current degree of congressional micromanagement. Within DoD, we have made serious efforts to improve our acquisition process through other initiatives such as baselining where program managers are allowed to exercise full management authority within the scope of the approved baseline agreement. In addition to pursuing more economical procurement alternatives, such as economic production contracts or multiyear procurements, two-year budgeting would allow program managers to redirect their efforts from annual funding quests to program execution and oversight.

Question. In you oppose the biennial budget concept, please give this subcommittee your reasons why.

Answer. We totally support the concept and feel that any benefits of a two-year budget are better realized if the Congress enacts authorizations and appropriations for two fiscal years, with enactment in the first year and congressional oversight in the second.

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Senator JOHNSTON. Mr. Secretary, General Herres, thank you very much.

Secretary WEINBERGER. Thank you, sir.

Senator JOHNSTON. We appreciate your testimony.

Secretary WEINBERGER. We appreciate the very courteous hearing. Thank you.

[Whereupon, at 11:32 a.m., Tuesday, May 19, the subcommittee was recessed, to reconvene at the call of the Chair.]

LIST OF WITNESSES AND PREPARED STATEMENTS

Page

Beam, Dr. Walter, chairman, Defense Research and Development Committee, The Institute of Electrical and Electronics Engineers, Inc 140
  Prepared statement 144
Bradley, Fr. Harold, assistant to the president, Georgetown University for Federal Relations 77
  Prepared statement 78
Buesener, Capt. Charles A., director of legislation, Naval Reserve Association 35
  Prepared statement 38

Crowe, Adm. William J., Jr., USN, Chairman, Joint Chiefs of Staff, prepared statement 349

DeConcini, Hon. Dennis, U.S. Senator from Arizona, prepared statement 288

Herres, Gen. Robert T., USAF, Vice Chairman, Joint Chiefs of Staff 327
  Prepared statement 364
Hickey, Ms. Sydney Tally, director, government relations, National Military Family Association 113
  Prepared statement 116
Hunter, John T., president, Association of Civilian Technicians 122
  Prepared statement 125

Lively, Col. C. Judson, Jr., USA (Ret.), director of retirement affairs, Reserve Officers Association of the United States 2
  Prepared statement 6

Marsh, John O., Jr., Secretary of the Army 159
  Joint statement 213
  Prepared statement 177
McKinney, C.A., legislative Counsel, Non Commissioned Officers Association 132
  Prepared statement 135
Miller, Joseph E., assistant director, National Legislative Commission, The American Legion 66
  Prepared statement 70
Moten, Ms. Beth, legislative liaison, National Federation of Federal Employees 79
  Prepared statement 83

Stevens, Hon. Ted, U.S. Senator from Alaska, prepared statement 280

Weber, Lt. Gen. Lavern E., executive director, National Guard Association of the United States 92
  Prepared statement 95
Weinberger, Hon. Caspar W., Secretary of Defense 327
  Prepared statement 336
Wickham, Gen. John A., Jr., Chief of Staff, U.S. Army 184
  Joint statement 213
  Prepared statement 194

SUBJECT INDEX

Department of the Army

Page
Acquisition Act ... 162
AH–64 Apache attack helicopter ... 282, 287, 289, 291
Airland battle ... 189
All-volunteer Army ... 282
Army indiscipline ... 170
Base relocations ... 303
Bradley fighting vehicle ... 281, 300
Chemical stockpile ... 176
Cobra helicopter ... 302
Competition dollars ... 167, 298, 304
End strength ... 281
Equipment, GAO report on ... 297
Fiscal 1987 Army budget summary ... 165
Fiscal 1988 TOA ... 166
Force structure ... 173, 185, 274
Fundamental choice ... 164
Joint force development process ... 190
LHX and AHIP program ... 282, 285, 300
Light divisions ... 302
M–72E4 testing ... 293
M–1 tank ... 290
Military strategy, total Army contribution to ... 184
Officer reductions ... 277, 284, 293
Overseas station allowances ... 283
Posture statement, fiscal year 1988 ... 213
Quality soldiers ... 168, 279
Recruitment ... 169
Reserve components ... 174, 186, 294
SOF enhancements ... 171
Soviet Union:
    Afghan war, Soviet spending as result of ... 274
    Field exercises ... 276
    Manpower structure ... 275
    Tank crew training ... 278
Stennis, Hon. John C., U.S. Senator from Mississippi, opening statement ... 159
Stinger missile ... 299
Strategic lift ... 175
Submitted questions:
    Chairman Stennis ... 306
    Senator Byrd ... 318
    Senator DeConcini ... 321
    Senator Stevens ... 323
    Senator D'Amato ... 324
Tank crew training ... 278
Technology and productivity enhancements ... 187
Tilt rotor aircraft ... 287
Unit modernization ... 188
U.S. global missions ... 163

Nondepartmental Witnesses

Page
- Association of Civilian Technicians:
  - Contributions of 122
  - Deployability 123
  - Recommendations 123, 129
  - Unit level positions 123
- Georgetown University:
  - Armed Services health professions scholarship program 77
  - Georgetown underpass, highway funding for 78
- Institute of Electrical and Electronics Engineers, Inc.:
  - Excellence, centers of 141
  - Measurement resources 142
  - Measurement standards and metrology 150
  - Personnel requirements 149
  - RDT&E concerns 140, 144, 148
  - Service requests 142
  - Strategic materials initiative 146
  - Tech base activities 141
  - Technology base 140, 145
- National Federation of Federal Employees:
  - Civilian technicians program 81, 87
  - Contracting procedures 79, 83
  - Defense employment concerns 79
  - New training requirements 81
- National Guard Association of the United States:
  - Airlift 108
  - Army and Air National Guard, readiness of 92
  - Attack helicopters 105
  - C-130 H aircraft 93
  - Communications equipment 110
  - Equipment 93, 102, 107
  - GI bill 92
  - M113 family of vehicles 104
  - Manpower 92, 96
  - Mission support aircraft 109
  - Task force, upgrading of 93, 103
  - Utility helicopters 106
  - Weapons system upgrade 110
- National Military Family Association:
  - Commissaries 121
  - Dependent education 114, 120
  - Health care 113, 117
  - Homeporting 121
  - Housing problems 114, 119
  - Military compensation 113
  - Permanent change of station moves 115, 119
- Naval Reserve Association:
  - Aircraft inventory 48
  - Cost effectiveness 35
  - FFISTS 55
  - Force modernization 36
  - GI bill 37
  - Gulf of Alaska, ASW coverage in 37
  - New equipment requirements 36
  - North Pacific patrols 66
  - Operations and maintenance 62
  - P-3 aircraft procurement 36, 49
  - Soviet submarine threat 35

Page

Non Commissioned Officers Association:
  - Basic pay, quarters, and subsistence allowance 132
  - Funding issues 132
  - Health care programs 132
  - Housing costs 133
  - Permanent change of station 133

Reserve Officers Association of the United States:
  - Air Force Reserve, status of 3
  - Army Reserve 7
  - Champus reform initiative 5, 32
  - Coast Guard 4, 25
  - Equipment modernization 2, 23
  - GI bill 5
  - Guard and Reserve readiness 2
  - Marine Corps Reserve 4
  - Military hospitals, user test for outpatient care at 5, 31
  - Mission transfers 3
  - Naval Reserve 4, 14

The American Legion:
  - Conventional weapons procurement, support for 66
  - GI bill 68
  - Modernization programs 67, 72
  - Operation and maintenance 68, 73
  - Personnel items 68, 74
  - Strategic Defense Initiative 71

Secretary of Defense

BAMBI-type, space-based KKV systems 375
Black programs 379
Defense budget authority:
  - Inflation 384, 399
  - Micromanagement of 389
  - Real growth in 332

Federal outlays, chart on 334
Five-year defense plans 377
Heavy lift capability, Soviet technology in 391
High seas superiority 362
Modernization effort 388
MX rail mobile system 402
NATO, defense status in 363
Pacific, Japanese contribution to defense in 370
Persian Gulf:
  - Incidents in 392
  - Soviet activity in 396

Quality, U.S. advantage in 362
SALT II Treaty 397
Soviet ice fleet capability 398
Space environment 363
Space initiatives 400
Space station, denial to DOD of use of 390
Strategic Defense Initiative 374
Submitted questions:
  - Chairman Stennis 404
  - Senator Byrd 421
  - Senator DeConcini 426
  - Senator D'Amato 434
  - Senator Domenici 438
  - Senator Weicker 431

Supplemental request 335, 401

Page
Total force context 363
Two-year budget request 330, 371, 403
    Adjustments 369, 373
    Effect of Soviet threat on 362
U.S. Frigate *Stark:*
    Board of Inquiry, action by 383
    Iraqi attack on 327, 371, 382, 392
    Saudi involvement in attack on 330
Zero growth chart 333

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